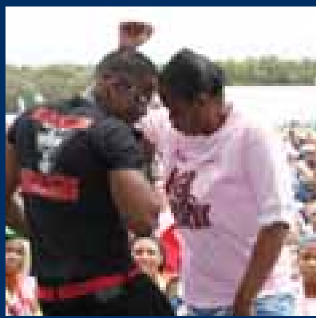
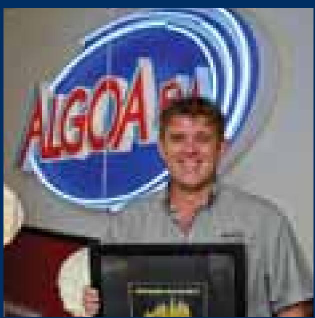
ANNUAL REPORT 2013



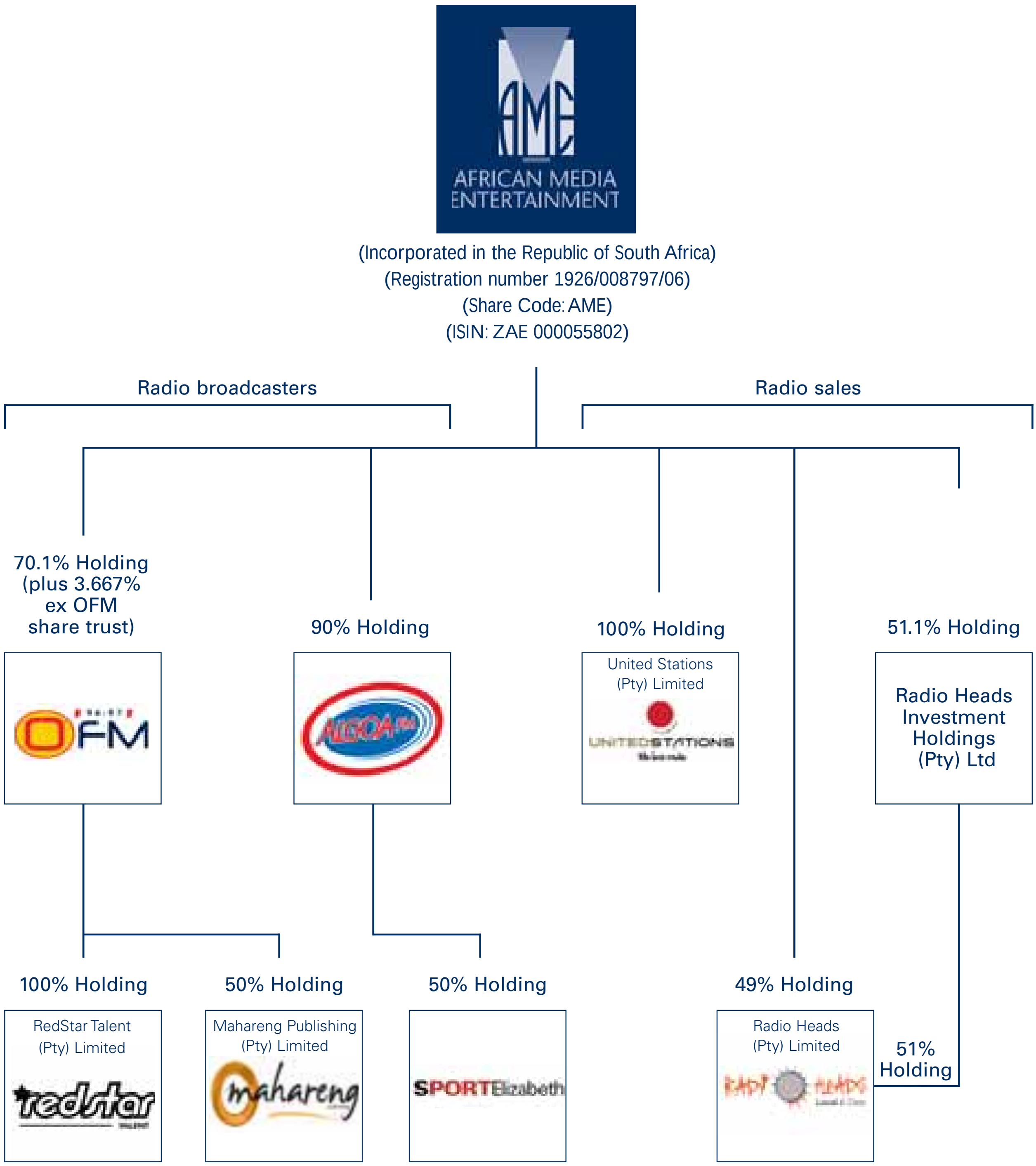


AME
AFRICAN MEDIA
ENTERTAINMENT

CONTENTS

GROUP STRUCTURE

African Media Entertainment Limited ("AME") is a broadcast company listed in the "Media & Entertainment" sector of the Johannesburg Stock Exchange ("JSE")



DIRECTORATE AND EXECUTIVE

Board of Directors

ACG ("Connie") Molusi (51)
Independent Non-executive Chairman
BJournalism, MA
Appointed 18 March 2004

Connie has been involved with the media industry for many years and holds a number of directorships.

Lawrence K Dube (51)
Independent Non-executive Director
Certificate of Management Advanced Programme (MAP) at Wits Business School
Appointed 1 August 2011

Lawrence is a businessman and has spent the last 26 years in the broadcasting and media industries in various positions, including as CEO of the Music Union of South Africa (MUSA) and as director of Real Productions, a company that produces features for TV shows. During his career he has interviewed the likes of Bishop Tutu and Walter Sisulu. In 1997 he was a founding member of KAYA FM.

Marthinus J Prinsloo (58)
Independent Non-executive Director
BCom (Law), CA (SA)
Appointed 13 November 2003

Inus has spent many years in the merchant banking industry and now runs his own practice as a corporate financial advisor.

Wilfred Tshuma (44)
Independent Non-executive Director
BCom (Hons)
Appointed 7 July 2004

Wilfred has held internal audit and financial positions with a number of banks. He now runs his own businesses in property, aviation and asset management.

Navin Sooka (60)
Independent Non-executive Director
BComm, BCompt (Hons), CA (SA)
Appointed 26 September 2008

Navin has extensive experience in financial positions in the manufacturing industry and within the corporate environment.

Michelle Mynhardt (40)
Executive Financial Director
BCompt (Hons), CA (SA)
Appointed 1 June 2010

Michelle joined the group in April 2009 to head up the Finance Department in Johannesburg. She completed her articles at PricewaterhouseCoopers and later joined KPMG's International Advisory Services department. She has experience in financial positions in security, market research and investment industries.

Angela Jane Davies (33)
Executive Director
PGDA (UCT), CA (SA)
Appointed 1 September 2010

Angela joined the group in April 2010. She completed her articles at Deloitte & Touche and worked for them in Johannesburg and San Francisco before moving to the UK where she worked in transactional services and as a financial analyst for a number of large organisations including the National Health Services.

Executive management

The group is managed by the senior executives of its major subsidiaries:

Rivak Bunce (51)
United Stations

Rivak has a strong background in training, having run his own training franchise for several years. He joined Radio 702 in 1987, rising to the position of Sales Manager. He subsequently worked for Primedia group as group sales director until co-founding United Stations in March 2000. He joined the AME group when that company was acquired in November 2002.

David Tiltmann (48)
Umoya Communications – Algoa FM
BCom (Industrial Psychology Business Economics)

David obtained his BCom from UPE in 1986. He began working for Algoa FM as a freelance announcer in 1989 and has held positions as Music Manager, Programme Manager and Operations Manager since then. He was appointed Managing Director of the station in February 2000. David worked as Broadcast Liaison Officer (BLO) for the Host Broadcast Services at the 2010 FIFA World Cup, where he was the only South African BLO out of a total of 120.

Gary Stroebel (39)
Central Media Group – OFM
BA (Communication), MBA (UFS)

Gary joined OFM in 1996 as a presenter, and has worked as Programme Manager as well as Sales and Marketing Director. In March 2008 he was appointed CEO of the station. Gary obtained his MBA in April 2010.

Company secretary

Valerie-Joan Slabbert (39)
BCompt (Hons), CA (SA), MBA (Wits), CIMA
Appointed 31 March 2012

Valerie started her articles at Deloitte & Touche and completed them on the TOPP programme with Vodacom. She held financial positions in the telecommunications, manufacturing, FMCG and logistics industries before joining the group as company secretary.

CORPORATE GOVERNANCE

King III

AME supports the principles set out in the King III Report on Corporate Governance and, where appropriate to the group, is committed to the implementation of these principles. The company is listed on the Johannesburg Stock Exchange and complies with its Listings Requirements.

Set out below is an explanation of the measures introduced by the company pursuant to the King Code and the Listings Requirements.

A full analysis of the King III application can be viewed on our website under the "Financial Information" heading at www.ame.co.za

Each year no less than one-third of the board retires, by rotation, as required by the Memorandum of Incorporation of the company.

Mr MJ Prinsloo and Mr W Tshuma will retire by rotation at the next annual general meeting and, being eligible are available for re-election.

Board appointments

Appointments to the board are done in a formal and transparent manner and are a matter of deliberation by the board. In general, the appointment of a nomination committee is not appropriate.

Board of directors

The board presently comprises four independent non-executive directors, two executive directors and an independent non-executive chairman. With the JSE's approval, AME does not have a CEO as the group is managed by the senior executives of its major subsidiaries as set out on page 3.

The board is scheduled to meet a minimum of four times in the year.

Board meeting attendance

	June 2012	Aug 2012	Nov 2012	Mar 2013
ACG Molusi *	✓	✓	✓	✓
KL Dube *	✓	✓	✓	✓
MJ Prinsloo *	A	✓	✓	✓
N Sooka *	✓	✓	✓	✓
W Tshuma *	✓	✓	✓	✓
M Mynhardt **	✓	✓	✓	✓
AJ Davies **	✓	✓	A	✓

* *Independent non-executive director*
** *Executive director*
A: Apology

Financial

The directors acknowledge responsibility for the preparation of the annual financial statements which, in their opinion, fairly present the state of affairs of the company and the group at 31 March 2013 and their operations and cash flows for the year then ended. The external auditors are responsible for reporting on the fair presentation of these financial statements.

The financial statements set out in this report have been prepared by the directors in accordance with International Financial Reporting Standards and are consistent with those for the previous annual financial statements.

They are based on appropriate accounting policies, which have been consistently applied and which are supported by reasonable and prudent judgements and estimates.

The directors also prepare the other information included in the annual report and are responsible for both its accuracy and its consistency with the financial statements. The financial statements have been audited by independent auditors PKF (Jhb) Inc., who were given unrestricted access to all financial records and related data, including minutes of all meetings of shareholders, the board of directors and committees of the board.

The directors believe that representations made to the independent auditors during their audit were valid and appropriate.

Risk management

The purpose of management is to identify risk and assess its impact on the group. This is a continuing process, commencing at board level and filtered down to all levels of management by reporting and checking mechanisms. Risk is addressed at board level and no risk committee has been appointed.

Audit committee

The committee presently comprises:

- MJ Prinsloo (Chairman) *
- N Sooka (Member) *
- W Tshuma (Member) *

* *Independent non-executive director*

The audit committee has adopted a written charter based on the new Companies Act 71 of 2008 ("the Companies Act") and the approved Memorandum of Incorporation. The audit committee members have considered and are of the opinion that they are adequately independent from the company and group and management thereof, within the full spirit if the Code of Corporate Practices and Conducts.

The independent auditors have unrestricted access to the committee.

The committee meetings focus on financial reporting requirements, both internal and external, and review fees charged by the independent auditors (for audit and consulting assignments) and directors for their professional services beyond their roles as directors, and the appointment of the independent auditors.

Due to the size of the company and its subsidiaries an internal audit department is not deemed functional or effective. The size of the company allows the senior management to oversee and control daily functions and manage risk on a hands-on basis.

The scope and objectivity of the external auditors were reviewed and the appointment of the external auditor complies with the Companies Act and with the requirements of the JSE. The use of the independent auditors for non-audit services is reviewed based on materiality of work done to ensure that the independence of the auditors is maintained.

During the year, the JSE enquired about the disclosure of the Share-based Bonus Scheme (note 25), which was explained to the JSE's satisfaction and did not require any adjustment to the company's disclosure policy. At the date of this report, no further enquiries were received relating to accounting practices and external audits of the group, or to the content or auditing of the group's financial statements, or to any related matter.

The audit committee is responsible for evaluating the expertise and experience of the financial director and M Mynhardt will continue as the Executive Financial Director. It has also considered and found appropriate the expertise and adequacy of resources of the finance function and experience of the senior members of management responsible for the finance function.

The audit committee has satisfied its responsibilities for the year in compliance with its charter.

Audit committee meeting attendance

	May 2012	Nov 2012	Mar 2013
MJ Prinsloo *	✓	✓	✓
N Sooka *	✓	✓	✓
W Tshuma *	✓	✓	✓

** Independent non-executive director*

Social and ethics committee

The committee presently comprises:

- KL Dube (Chairman) *
- AJ Davies (Member) **
- R Bunce (Member)
- D Tiltmann (Member)
- G Stroebel (Member)

** Independent non-executive director*
*** Executive director*

The committee comprises one independent non-executive chairman, one executive director and three representatives from the group's subsidiary companies.

The committee is set up in accordance with section 72 of the Companies Act and its main function is to monitor the company's activities with regard to any relevant legislation, other legal requirements or prevailing Codes of Best Practice.

Social and ethics committee meeting attendance

	Nov 2012	Mar 2013
KL Dube *	✓	✓
AJ Davies **	A	✓
R Bunce #	A	✓
D Tiltmann #	✓	✓
G Stroebel #	ALT	✓

** Independent non-executive director*
*** Executive director*
 # Prescribed officer
A: Apology
ALT: M Vermeulen attended as alternate to G Stroebel

Remuneration committee

The committee presently comprises

- MJ Prinsloo (Chairman) *
- N Sooka (Member) *
- W Tshuma (Member) *
- K Reed (Member) #
- M Vermeulen (Member) #

** Independent non-executive director*
 # Representative of subsidiary companies

The committee comprises one independent non-executive chairman, two independent non-executive directors and two representatives of the subsidiary companies.

The committee is responsible for setting the remuneration policy within the group as well as the non-executive directors' fees structures.

Remuneration committee meeting attendance

	May 2012	March 2013
MJ Prinsloo *	✓	✓
N Sooka *	✓	✓
W Tshuma *	✓	✓
K Reed #	✓	✓
M Vermeulen #	✓	✓

* *Independent non-executive director*
\# *Representatives of subsidiary companies*

All board sub-committees are scheduled to meet at least twice a year, however, they will meet additionally if considered necessary to perform the functions for which they were established.

Internal controls
The system of internal controls established by management is considered sufficient to provide reasonable assurance as to the integrity and reliability of the financial statements and to adequately safeguard, verify and maintain accountability of the group's assets, for the benefit of all stakeholders.

Employment equity and skills development
Throughout the group, equitable employment policies are in place to ensure individuals from all demographic groupings are given the opportunity to be employed and trained by the group. The group places an increased emphasis on maintaining and training those members of staff who can provide excellent service in a small team environment. To this end, the staff incentive scheme will provide financial rewards appropriate to the personal performance of individual staff members.

HIV/AIDS
The board has given consideration to the HIV/AIDS pandemic and its possible impact on the group's human resources, and do not consider it a major risk.

Going concern
The going concern basis has been adopted in preparing the financial statements. The current strong financial position and the continued tight control on expenditures and cash flows, give the directors reason to believe that the business of the group will continue to function as a going concern for the foreseeable future.

Company secretarial and professional advice
A dedicated Company secretary has been appointed to ensure compliance with the Companies Act and JSE Listings Requirements. She is not a director of the company.

All directors have unlimited access to the advice and services of the company secretary. All directors are entitled to seek independent professional advice, at the group's expense, concerning the affairs of the group, after obtaining the approval of the chairman. The company secretary is responsible to the board to ensure that the board procedures are followed.

The annual certificate by the company secretary is reflected on page 10.

As required by the JSE, the board has considered the skills, qualifications and performance of the company secretary, Valerie Slabbert. The board is satisfied with her continuing suitability for the position. Her biographic details can be found on page 3.

Sustainability
Licence
The group's continued existence is dependent on a broadcasting licence being granted to OFM and Algoa FM. Both stations were granted a 10-year licence in 2008.

Needletime
On 30 May 2012, the Copyright Tribunal delivered its judgement on the negotiations between the National Association of Broadcasters ("NAB") and the South African Music Performers Rights Association ("SAMPRA") relating to the appropriate royalty for Needletime. Consequently, the NAB filed an application for leave to appeal the Tribunal's decision to the Supreme Court of Appeal, and leave was granted to the NAB on 23 January 2013. All relevant court documents have been submitted by the NAB to the Supreme Court of Appeal in Bloemfontein.

The directors consider that adequate provision has been made for this liability.

New licences issued by ICASA
ICASA invited applications for new commercial radio licences in the Umtata and Butterworth districts of the former Transkei, two frequencies in Bloemfontein, one in Kimberley and one in Upington. Only one application was received for this Eastern Cape licence. The licensed broadcast area for the new secondary market station falls outside of the Algoa FM footprint in the Eastern Cape and the proposed music format does not conflict with that of Algoa FM. While these new licences in the central South African region will invariably bring some degree of competition, these new entrants' music format is unlikely to conflict with that of OFM.

Transformation
Transformation is an important core value. During the year an external consultant undertook research about transformation in the group and various recommendations are being implemented. This process will focus on growing the talent pool, identifying talent and suitable mentoring initiatives to groom these individuals into their future roles within the group.

CHAIRMAN'S REVIEW

Review of the year

The year under review was challenging on many fronts but saw our companies overcome these difficult trading conditions and maintain the growth achieved in the previous financial year with a 5% increase in revenue to R216,7 million (March 2012: R206,1 million). Comprehensive income increased by 2% to R41,6 million (March 2012: R40,7 million).

The comprehensive income attributable to equity holders of the parent amounted to R37,9 million (March 2012: R36,4 million) with earnings per share of 463,8 cents (March 2012: 428,8 cents). Headline earnings per share were 463,9 cents (March 2012: 428,9 cents).

After paying tax of R18,8 million (March 2012: R15,5 million), the group generated R44,6 million (March 2012: R41,3 million) in cash from its operating activities during the year. The group invested R7 million in acquiring a site in Bloemfontein earmarked to be the new home of the Central Media Group and spent R2,8 million (March 2012: R7,7 million) on capital expenditure. The group ended the period with cash resources of R78,8 million (March 2012: R57,1 million).

Operations

The diversification and expansion programmes of our radio platforms into other local media brands continue to provide positive synergies and have started to contribute to the bottom line of the group.

Listenership on Algoa FM remained stable during the year under review. New media revenue grew significantly on the station. Sport Elizabeth showed an increase, turning from a loss to a marginal profit. During continued tough trading conditions, effective cost-cutting measures assisted in increasing profitability over the previous year. Continued marketing and listenership-building promotions are entrenching the brand in the Southern Cape. ICASA invited applications for a new commercial radio license in Umtata and Butterworth. The proposed coverage area falls outside of the Algoa FM footprint.

The period under review reflected the ongoing difficult trading conditions for the Central South Africa region. Central Media Group saw a recovery in the second half of the year that meant OFM closed the year above mid-year expectations in terms of profitability. An expanded local sales force also grew revenue from the region. OFM audiences saw a dip in the latter half of the year and, although losses were in non-core markets, measures have been taken to reverse this trend.

Invitations were issued for two frequencies in Bloemfontein, one in Kimberley and one in Upington. While these will invariably bring some degree of competition, these new entrants are unlikely to be licensed into OFM's ambit in terms of format.

Digital advertising revenue continues to grow in importance for the group. Digital Platforms, the group's web development division, secured significant new business and also assisted with the group cost-saving drive by implementing in-house IT and CRM systems. Mahareng gained critical mass with the momentum obtained from a fast-growing Bloemfontein Courant, and obtained sustainable profitability. RedStar Talent repositioned into the primarily event-management sector in this period, and the results were almost immediate.

RadioHeads underwent a strategic shift in April 2012, with a strong focus on delivering sponsored content to radio stations, and advertisers. This business has performed below expectation, with the revised strategy taking longer to produce results. Management has been able to show positive uptake towards the end of year one, and greater promise in year two.

Specialist media sales house United Stations achieved strong revenue growth and exceeded budgeted profit for the year, mainly as a result of benefits coming through from substantial investments made in new business. These factors, combined with an aggressive brand-specific sales strategy, protected the business from an industry-wide pattern of static advertising budgets.

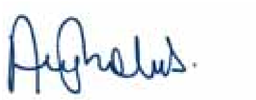
With strong, positive cash flow and its highly sought-after portfolio, United Stations is well-placed to take advantage of recovering markets and good growth is foreseen, especially in the non-traditional revenue channels.

Dividends

An interim dividend (dividend No 2) of 100 cents per ordinary share (gross) was declared for the period ended 30 September 2012. The final dividend (dividend No 3) is 200 cents per ordinary share (gross) (2012: Nil per share), declared on 14 June 2013.

Prospects

The new financial year has started on a reasonably positive note and the board is optimistic that the revenue for the 2014 year will compare favourably with that of the prior year.



ACG Molusi
Independent Non-executive Chairman

20 June 2013

ADMINISTRATION

African Media Entertainment Limited
Incorporated in the Republic of South Africa
Registration number 1926/008797/06
Share Code: AME
ISIN: ZAE000055802

Auditors
PKF (Jhb) Inc.
Chartered Accountants (SA)
Registered Auditors
42 Wierda Road West
Wierda Valley
Johannesburg, 2196

Bankers
ABSA Capital CIBW
15 Alice Lane Towers
Podium Floor
Sandton, 2196

Legal Advisors
Martini-Patlansky Attorneys
32 St John Road
Houghton
Johannesburg, 2198

Fluxmans Attorneys
11 Biermann Avenue
Rosebank
Johannesburg, 2196

Secretary and Registered Office
V Slabbert
Block A, Oxford Office Park
No. 5, 8th Street
Houghton Estate
Johannesburg, 2198

PO Box 3014, Houghton, 2041

Sponsor
Arcay Moela Sponsors (Pty) Limited
Registration number: 2006/033725/07
Ground Floor, One Building
Woodmead North Office Park
54 Maxwell Drive
Woodmead, 2191

PO Box 62397, Marshalltown, 2107

Transfer Secretaries
Computershare Investor Services (Pty) Limited
Registration number 2004/003647/07
Ground Floor, 70 Marshall Street
Johannesburg, 2001

PO Box 61051, Johannesburg, 2107

Telephone: +27 11 370 5000
Telefax: +27 11 688 5238

STATEMENT OF RESPONSIBILITY AND APPROVAL BY THE BOARD OF DIRECTORS

The directors are required in terms of the Companies Act of South Africa to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the company and the group as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards, the Companies Act and the Listings Requirements of the Johannesburg Stock Exchange.

The annual financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the group and all employees are required to maintain the highest ethical standards in ensuring the company's and group's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the group is on identifying, assessing, managing and monitoring all known forms of risk across the company and group. While operating risk cannot be fully eliminated, the group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within pre-determined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the group's cash flow forecast for the year to 31 March 2014 and, in the light of this review and the current financial position, they are satisfied that the group has or has access to adequate resources to continue in operational existence for the foreseeable future.

The auditors are responsible for reporting on whether the annual financial statements are fairly presented in accordance with the applicable financial reporting framework. The annual financial statements have been examined by the group's external auditors and their report is presented on page 13.

The annual financial statements set out on pages 14 to 51, which have been prepared on the going concern basis, were approved by the board of directors and are signed on its behalf by:

ACG Molusi
Independent Non-executive Chairman

M Mynhardt
Executive Financial Director

20 June 2013

DIRECTORS' APPROVAL

The annual financial statements set out on pages 14 to 51 have been prepared by the financial director, M Mynhardt in accordance with International Financial Reporting Standards and in the manner required by the South African Companies Act, 71 of 2008 and include amounts based on judgements and estimates made by management.

The annual financial statements were approved by the board of directors on 20 June 2013 and are signed on its behalf by:

ACG Molusi
Independent Non-executive Chairman

M Mynhardt
Executive Financial Director

COMPANY SECRETARY'S CERTIFICATE

In terms of sections 88 and 89 of the South African Companies Act, 71 of 2008, as amended ("the Act"), I, in my capacity as company secretary, hereby certify that the company has lodged with the Registrar of Companies all such returns as are required of a public company in terms of the Act and that all such returns are true and up to date.

V Slabbert
Company secretary

20 June 2013

DIRECTORS' REPORT

Nature of business
The group's main activities are set out on page 2 of this report.

Financial results
The financial results of the group and of the company are set out on pages 14 to 51 of this report.
A review of the group's results and performance of the business units is given in the Chairman's review on page 7.

Dividends
An interim dividend of 100 cents (gross) was declared and paid during the year (2012: nil). A final dividend of 200 cents (gross) was declared after year-end for the period to 31 March 2013.

These dividends are subject to the dividends withholding tax that was introduced effective from 1 April 2012.

Share capital
Authorised and issued
There were no changes in the authorised or issued share capital of the company during the year under review.

Directorate and secretary
Details of the directorate are given on page 3 of this report. Non-executive directors only receive remuneration for services as directors. Executive directors have service contracts with the company and are salaried directors. Details of their remuneration are set out below:

	Remuneration 2013 R'000	Remuneration 2012 R'000	**Fees 2013 R'000**	Fees 2012 R'000
ACG Molusi *	–	–	**119**	83
KL Dube *	–	–	**74**	21
MJ Prinsloo *	–	–	**206**	185
N Sooka *	–	–	**110**	94
W Tshuma *	–	–	**115**	99
AJ Davies **	**693**	680	–	–
M Mynhardt **	**1 774**	1 006	–	–
Total remuneration	**2 467**	1 686	**624**	482
Paid by the company	**2 467**	1 686	**624**	482
Total remuneration	**2 467**	1 686	**624**	482

* *Independent non-executive director*
** *Executive director*

Breakdown of executive directors' salaries

2013	Share options cash settled R'000	Salary R'000	Bonus R'000	Total R'000
AJ Davies	–	618	75	693
M Mynhardt	690	809	275	1 774
Total remuneration	690	1 427	350	2 467
2012				
AJ Davies	–	630	50	680
M Mynhardt	–	756	250	1 006
Total remuneration	–	1 386	300	1 686

Breakdown of executive directors' salaries (continued)

Share options

Executive director	2013 Options	2012 Options
AJ Davies	**50 000**	50 000
M Mynhardt	**50 000**	75 000

In terms of the Memorandum of Incorporation of the company, no less than a third of the non-executive directors retire at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

None of the independent non-executive directors of the company have a director's service contract with the company.

As at 31 March 2013, the aggregate direct and indirect, beneficial interests of the directors in the fully paid issued share capital of the company, were nil (2012: nil). There has been no material change in the directors' interests in the issued share capital between 31 March 2013 and the date of this report.

Property, plant and equipment

The group acquired property, plant and equipment at a cost of R9,8 million (2012: R7,7 million) during the financial year under review. There have been no major changes in the nature of or the policy relating to the use of property, plant and equipment in the group.

Events subsequent to the reporting period

The board declared a final dividend of 200 cents per ordinary share (gross) on 14 June 2013 for the year ended 31 March 2013.

There have been no other matters between the group's year-end and the date of this report that are required to be brought to the attention of shareholders.

Investment in subsidiary companies

The financial information in respect of the company's interest in its major subsidiary companies is set out in note 5 to the financial statements on page 31.

The aggregate profits and losses after taxation of the subsidiaries attributable to the company amounted to R42,7 million (2012: R36,2 million); subsidiaries making profits amounted to R45,4 million (2012: R36,5 million) and subsidiaries making losses amounted to R2,7 million (2012: R0,3 million).

Going concern

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis assumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

Employee share incentive schemes

Details of options granted to employees, including any executive directors, are detailed in note 25 commencing on page 44. The share scheme presently holds 89 275 (2012: 89 275) ordinary shares, none of which have been allocated. Other than these shares, no further shares have been set aside for the scheme. In terms of the Trust Deed, up to 10% of the company's share capital, being 828 831 (2012: 828 831) ordinary shares, can be utilised for purposes of the scheme. At 31 March 2013, 739 556 ordinary shares can still be issued to the share scheme.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF AFRICAN MEDIA ENTERTAINMENT LIMITED

TO THE SHAREHOLDERS OF AFRICAN MEDIA ENTERTAINMENT LIMITED

We have audited the consolidated and separate financial statements of African Media Entertainment Limited set out on pages 14 to 50, which comprise the statements of financial position as at 31 March 2013, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

The company's directors are responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with International Financial Reporting Standards, and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatements, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated and separate financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated and separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of African Media Entertainment Limited as at 31 March 2013, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards, and the requirements of the Companies Act of South Africa.

Other reports required by the Companies Act

As part of our audit of the consolidated and separate financial statements for the year ended 31 March 2013, we have read the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated and separate financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited consolidated and separate financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

PKF (Jhb) Inc

PKF (Jhb) Inc
Registered Auditors
Chartered Accountants (SA)
Registration number 1994/001166/21

Director: Michelle da Costa

Sandton

20 June 2013

STATEMENTS OF FINANCIAL POSITION

as at 31 March 2013

		Group		Company	
	Notes	**31 March 2013 R'000**	31 March 2012 R'000	**31 March 2013 R'000**	31 March 2012 R'000
Assets					
Non-current assets		**95 314**	89 028	**85 972**	90 541
Property, plant and equipment	3	**34 881**	29 130	**12 617**	12 668
Goodwill	4	**39 780**	39 780	**–**	–
Investment in subsidiaries	5	**–**	–	**57 292**	62 136
Investment in associated companies	6	**2 953**	2 980	**–**	–
Other financial instruments	7	**9 225**	9 903	**15 028**	14 545
Deferred taxation	8	**8 475**	7 235	**1 035**	1 192
Current assets		**146 552**	116 320	**68 425**	21 268
Trade receivables	9	**64 230**	56 563	**–**	–
Other receivables		**2 454**	2 121	**924**	918
Dividends receivable		**950**	500	**9 950**	500
Tax paid in advance		**134**	26	**–**	26
Cash and cash equivalents		**78 784**	57 110	**57 551**	19 824
Total assets		**241 866**	205 348	**154 397**	111 809
Equity and liabilities					
Total equity		**161 007**	134 091	**148 225**	106 093
Share capital	10	**8 171**	8 171	**8 288**	8 288
Share premium		**13 742**	13 742	**15 392**	15 392
Non-distributable reserve	11	**–**	–	**20 244**	20 244
Retained earnings		**134 663**	105 030	**104 301**	62 169
Equity attributable to equity holders of the company		**156 576**	126 943	**148 225**	106 093
Non-controlling interest holders		**4 431**	7 148	**–**	–
Non-current liabilities		**41**	315	**–**	–
Operating lease accrual	12	**–**	200	**–**	–
Interest-bearing borrowings	13	**41**	115	**–**	–
Current liabilities		**80 818**	70 942	**6 172**	5 716
Trade payables		**37 215**	33 531	**167**	179
Other payables	14	**41 828**	34 738	**4 922**	4 760
Dividend payable		**915**	777	**915**	777
Operating lease accrual	12	**62**	291	**–**	–
Interest-bearing borrowings	13	**74**	84	**–**	–
Taxation		**724**	1 521	**168**	–
Total equity and liabilities		**241 866**	205 348	**154 397**	111 809

STATEMENTS OF COMPREHENSIVE INCOME

for the year ended 31 March 2013

		Group		Company	
	Notes	Year ended 31 March 2013 R'000	Year ended 31 March 2012 R'000	Year ended 31 March 2013 R'000	Year ended 31 March 2012 R'000
Revenue	18	216 688	206 075	4 920	4 920
Cost of sales		(56 065)	(54 068)	–	–
Gross profit		160 623	152 007	4 920	4 920
Operating expenses	19	(107 249)	(102 020)	(9 842)	(5 222)
Operating profit/(loss)		53 374	49 987	(4 922)	(302)
Investment income	20	1 930	1 241	53 870	8 941
Finance income	20	3 070	2 942	1 867	1 707
Finance costs	20	(73)	(73)	–	–
Losses attributable to associates		(27)	(201)	–	–
Net profit before taxation		58 274	53 896	50 815	10 346
Taxation	21	(16 670)	(13 173)	(395)	506
Total comprehensive income for the year		41 604	40 723	50 420	10 852
Attributable to:					
Non-controlling interest holders		3 710	4 324	–	–
Equity holders of the parent		37 894	36 399	50 420	10 852
Earnings per share (cents)	22	463,8	428,8		

STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 March 2013

	Group		Company	
	31 March 2013 R'000	31 March 2012 R'000	31 March 2013 R'000	31 March 2012 R'000
Issued capital	8 171	8 171	8 288	8 288
Balance at beginning of year	8 171	8 539	8 288	8 628
Shares repurchased	–	(28)	–	–
Shares cancelled	–	(340)	–	(340)
Share premium	13 742	13 742	15 392	15 392
Balance at beginning of year	13 742	31 909	15 392	32 356
Shares repurchased	–	(1 203)	–	–
Shares cancelled	–	(16 964)	–	(16 964)
Non-distributable reserve	–	–	20 244	20 244
Balance at beginning of year	–	2 073	20 244	22 112
Fair value adjustment on available-for-sale	–	–	–	(1 562)
Restate as cash-settled instrument	–	(2 073)	–	(306)
Retained earnings	134 663	105 030	104 301	62 169
Balance at beginning of year	105 030	70 237	62 169	51 317
Change in shareholding	–	(1 606)	–	–
Comprehensive income for year	37 894	36 399	50 420	10 852
Dividend declared	(8 261)	–	(8 288)	–
Non-controlling interest holders	4 431	7 148	–	–
Balance at beginning of year	7 148	1 218	–	–
Share of dividend	(6 427)	–	–	–
Change in shareholding	–	1 606	–	–
Comprehensive income for year	3 710	4 324	–	–
Total equity	161 007	134 091	148 225	106 093

STATEMENTS OF CASH FLOWS

for the year ended 31 March 2013

	Notes	Group Year ended 31 March 2013 R'000	Group Year ended 31 March 2012 R'000	Company Year ended 31 March 2013 R'000	Company Year ended 31 March 2012 R'000
Cash flows from operating activities		**44 579**	41 273	**(302)**	8 600
Profit before taxation		**58 274**	53 896	**50 815**	10 346
Adjustments		**(567)**	(1 089)	**(53 084)**	(7 673)
– investment income		**(1 930)**	(1 241)	**(53 870)**	(941)
– finance income		**(3 070)**	(2 942)	**(1 867)**	(1 707)
– finance cost		**73**	73	**–**	–
– depreciation		**4 074**	3 968	**66**	66
– loss on disposal of property, plant and equipment		**9**	3	**–**	–
– rental smoothing		**(429)**	225	**–**	–
– non-cash (income)/expenditure		**679**	(1 376)	**(559)**	(9 520)
– provision for impairment in subsidiaries		**–**	–	**3 146**	4 429
– impairment losses attributable to associates		**27**	201	**–**	–
Operating profit before working capital changes		**57 707**	52 807	**(2 269)**	2 673
		2 690	1 080	**144**	4 300
– (increase)/decrease in trade and other receivables		**(8 000)**	(15 219)	**(6)**	737
– increase in trade and other payables		**10 690**	16 299	**150**	3 563
Cash generated by operations		**60 397**	53 887	**(2 125)**	6 973
Net interest received		**2 997**	2 869	**1 867**	1 707
Taxation paid	23	**(18 815)**	(15 483)	**(44)**	(80)
Cash flows from investing activities		**(8 356)**	(30 744)	**46 179**	(23 938)
(Increase)/decrease in investments and loans	24	**(3)**	(6 170)	**1 774**	(4 199)
Purchase of property, plant and equipment		**(9 833)**	(7 722)	**(15)**	(4 091)
Dividends received		**1 480**	1 650	**44 420**	1 650
Repurchase of shares		**–**	(18 535)	**–**	(17 304)
Proceeds on disposal of property, plant and equipment		**–**	33	**–**	6
Cash flows from financing activities		**(14 549)**	–	**(8 150)**	–
Dividend paid to equity holders		**(8 122)**	–	**(8 150)**	–
Dividend paid to non-controlling interest holder		**(6 427)**	–	**–**	–
Net increase/(decrease) in cash and cash equivalents		**21 674**	10 529	**37 727**	(15 338)
Cash and cash equivalents at beginning of year		**57 110**	46 581	**19 824**	35 162
Cash and cash equivalents at end of year		**78 784**	57 110	**57 551**	19 824

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2013

1. Accounting policies

1.1 Basis of preparation

The financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"), the Companies Act of 2008, as amended, and the JSE Listings Requirements on a basis consistent with the policies and methods of computation as used in the annual financial statements for the year ended 31 March 2012.

The financial statements are prepared under the historical cost convention, except for financial instruments which are accounted for in terms of IAS 39.

The policies set out below have been consistently applied to all the periods presented:

1.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and entities controlled by the company ("its subsidiaries"). Control is achieved where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statements of comprehensive income, from the effective date of acquisition or up to the effective date of disposal, as appropriate. The purchase method of accounting is used to account for the acquisition of subsidiaries by the group. Identifiable assets, liabilities and contingent liabilities acquired or assumed are initially measured at their respective fair values at acquisition date.

All intra-group transactions, balances, income and expenses and unrealised gains and losses, are eliminated in full on consolidation.

Non-controlling interest holders' interest in the net assets (excluding goodwill) of consolidated subsidiaries are identified separately from the group's equity therein. Non-controlling interest holders' interests consist of the amount of those interests at the date of the original business combination and the non-controlling interest holders' share of changes in equity since the date of the combination.

Investments in associates are accounted for by way of the equity method and initially recognised at cost.

The group's investment includes goodwill identified on acquisition, net of any accumulated impairment loss and is adjusted for the group's share of the associates post-acquisition reserve movements.

Costs associated with the acquisition are expensed. When the group's share of losses equals to or exceeds its interest in the associate, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. Unrealised gains and losses are eliminated to the extent of the group's shareholding. Unrealised losses are only eliminated provided they do not indicate a potential impairment.

1.3 Significant judgements

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. Judgements made by management in applying the accounting policies are:

Asset lives and residual values

Property, plant and equipment is depreciated over its useful life, taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed at each reporting date and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation and maintenance programmes are taken into account. Residual value assessments consider issues such as market conditions, the remaining life of the asset and projected disposal values.

1. Accounting policies (continued)

1.3 Significant judgements (continued)

Deferred tax assets

Deferred tax assets are recognised to the extent it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Future taxable profits are estimated based on business plans which include estimates and assumptions regarding economic growth, inflation, taxation rates and competitive forces.

Impairment of assets

Property, plant and equipment, as well as financial and non-financial assets, are assessed at each reporting date for indications that impairment might exist. These assets are tested for impairment if there is reason to believe that an impairment may be necessary. The future cash flows expected to be generated by the assets are projected, taking into account market conditions and the expected useful lives of the assets. The present value of these cash flows, determined using an appropriate discount rate, is compared to the current carrying value and, if lower, the assets are impaired to the present value.

Options granted

Management used the Black-Scholes Merton Option Valuation Model to determine the fair value of the options at issue date. Additional details regarding the estimates are included in note 25 – Share-based payments.

1.4 Goodwill

Goodwill is initially measured as the excess of cost of the business combination over the group's interest of the fair value of the net identifiable assets, liabilities and contingent liabilities.

Subsequently, goodwill is carried at cost less any accumulated impairment. Goodwill is tested at least annually for impairment.

The excess of the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of the business combination is immediately recognised in the statement of comprehensive income.

1.5 Property, plant and equipment

Property, plant and equipment is initially recorded at cost. Impairment losses and reversal of impairment losses are recognised in the statement of comprehensive income. Costs include those incurred initially to acquire an item of property, plant and equipment and costs incurred subsequently to add to, or replace, part of it.

Costs are only capitalised to the extent that the cost can be measured reliably and it is probable that the cost will result in the inflow of future economic benefits to the group.

Depreciation is calculated on the straight-line method, to write off the cost of each asset to their residual values over their estimated useful lives. The depreciation rates applicable to each category of property plant and equipment are as follows:

• Land	indefinite
• Buildings	1,25%
• Electronic equipment	20% – 33%
• Motor vehicles	20% – 25%
• Office equipment	10% – 20%
• Leasehold improvements	shorter of useful life or remaining period of the lease

for the year ended 31 March 2013

1. Accounting policies (continued)

1.5 Property, plant and equipment (continued)

The carrying values of property, plant and equipment are reviewed at each financial reporting date for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount. Impairment losses are recognised in the statement of comprehensive income immediately. Leasehold improvements are depreciated over the shorter of the remaining lease term and the useful life of the asset. The useful lives and residual values of property, plant and equipment are assessed annually and subsequently carried at cost less accumulated depreciation and impairment. Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit.

1.6 Investments in subsidiaries

In the company's separate financial statements, investments in subsidiaries are carried at cost less impairment. The cost of an investment in a subsidiary is measured at the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the company.

Contingent consideration

The fair value of contingent consideration at acquisition date is recognised as part of the consideration transferred in exchange for the acquiree. An adjustment to the cost of a business combination contingent on future events is included in the cost of the combination if the adjustment is probable and can be measured reliably.

1.7 Investments in associates

Associates are entities over which the group has significant influence but no control, generally accompanying a shareholding between 20% and 50% of the voting right. Investments in associates are accounted for using the equity method of accounting. The group's investments in associates include goodwill identified on acquisition (net of any accumulated impairment loss).

The group's share of the associates' post-acquisition profits or losses is recognised in the statement of comprehensive income and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

In the company's separate financial statements, investments in associates are carried at cost less accumulated impairment.

1.8 Impairment of assets

The group assesses at each reporting date whether there is any indication that objective evidence exists that might indicate that an asset or group of assets is impaired. Irrespective of whether there is any indication of impairment, the group also tests goodwill acquired in a business combination for impairment annually. If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value, less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

1. Accounting policies (continued)

1.8 Impairment of assets (continued)

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in the statement of comprehensive income. Goodwill acquired in a business combination is allocated from the acquisition date to each of the cash-generating units, or groups of cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the units.

The impairment loss is allocated to reduce the carrying amount of the assets of the unit in the following order:

– first, to reduce the carrying amount of any goodwill allocated to the cash-generating unit; and then
– to the other assets of the unit, *pro rata* on the basis of the carrying amount of each asset in the unit.

The group assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets, other than goodwill, may no longer exist or may have decreased.

If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset, other than goodwill, attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods. A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation, other than goodwill, is recognised immediately in the statement of comprehensive income.

In the case of available-for-sale financial assets, a significant or prolonged decline in the fair value of the instrument below its cost is considered as an indicator of impairment. If such an indicator exists, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that instrument previously recognised in the statement of comprehensive income) is removed from equity and recognised in the statement of comprehensive income.

1.9 Leased assets

Leases of property, plant and equipment where the company assumes substantially all the benefits and risks of ownership, are classified as finance leases. Finance leases are recognised at the lower of the fair value of the asset and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance charge is charged to the statement of comprehensive income over the lease period. The property, plant and equipment acquired under finance leasing contracts are depreciated over the shorter of the assets useful life and the period of the lease.

Leases of property, plant and equipment where the lessor retains substantially all the risks and rewards of ownership, are classified as operating leases. Payments made under operating leases are charged to the statement of comprehensive income on a straight line basis over the period of the lease with the difference between this amount and the contracted amount being recognised as a liability.

1. Accounting policies (continued)

1.10 Taxation

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities/(assets) for the current and prior periods are measured at the amount expected to be paid to/(recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities

Deferred taxation is provided using a statement of financial position liability method on all temporary differences between the carrying amounts, for financial reporting purposes, and the amounts used for taxation purposes, except for differences relating to goodwill which are not deductible for taxation purposes and the initial recognition of assets or liabilities in a transaction, other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss.

Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the associated unused tax losses and deductible temporary differences can be utilised.

1.11 Financial instruments

Initial recognition and measurement

The group classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial assets and financial liabilities are recognised when the group becomes party to the contractual provisions of the instrument. Financial assets are initially measured at fair value plus transaction cost.

Transaction costs in respect of financial assets classified as at fair value through profit or loss, are expensed financial liabilities that are initially measured at fair value plus transaction cost.

Transaction costs in respect of financial liabilities classified as at fair value through profit or loss are expensed.

Financial assets

A financial asset is an asset that is cash, an equity instrument of another entity, a contractual right to receive cash or another financial asset from another entity, or to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

Trade and other receivables are classified as loans and receivables and are measured at amortised cost, using the effective interest method, less provision for doubtful debts. Write downs of these assets are expensed in the statement of comprehensive income. The movement in the provision for doubtful debts is recognised in profit and loss and any subsequent recoveries of amounts previously written off are credited to the statement of comprehensive income.

Other investments are classified as available-for-sale financial assets. These investments are carried at fair value with any gains or losses being recognised in other comprehensive income, until the financial asset is derecognised, at which time the cumulative gain or loss previously recognised in equity is recognised in the statement of comprehensive income. Fair value, for this purpose, is market value if listed or a value arrived at by using the present value of future cash flow valuation model, if unlisted.

1. Accounting policies (continued)

1.11 Financial instruments (continued)

Financial assets continued)

Cash and cash equivalents comprise cash on hand and demand deposits and are measured at fair value.

Financial liabilities

A financial liability is a liability that is a contractual obligation to deliver cash or another financial asset to another entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the other entity.

Non-derivative financial liabilities that are not designated on initial recognition as financial liabilities at fair value through profit or loss (including interest-bearing borrowings and bank overdrafts) are measured at amortised cost using the effective interest method.

Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the terms of the borrowings in accordance with the accounting policy for borrowing costs, using the effective interest method.

Derecognition

Financial assets (or a portion thereof) are derecognised when the group realises the rights to the benefits specified in the contract, the rights expire or when the group surrenders or otherwise loses control of the contractual rights that comprise the financial asset. In derecognition, the difference between the carrying amount of the financial asset and proceeds receivable, and any prior adjustment to reflect fair value that has been reported as other comprehensive income, are included in the statement of comprehensive income.

Financial liabilities (or a portion thereof) are derecognised when the obligation specified in the contract is discharged, cancelled or expires. On derecognition, the difference between the carrying amount of the financial liability, including related unamortised costs, and amount paid for it are included in the statement of comprehensive income.

Fair value methods and assumptions

The fair value of financial instruments not traded in an organised financial market is determined using a variety of methods and assumptions that are based on market conditions and risks existing at reporting date, including independent appraisals and discounted cash flow methods. The fair value determined is adjusted for any transaction costs necessary to realise the assets or settle the liabilities.

The carrying amounts of financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values, as the effects of the time value of money are considered to be immaterial.

Set-off

Where a legally enforceable right to set-off exists for recognised financial assets and financial liabilities, and there is an intention to settle the liability and realise the assets simultaneously, or to settle on a net basis, all related financial effects are set-off in the financial statements.

. ACCOUNTING POLICIES (CONTINUED)

1.12 Employee benefits

Short-term employee benefit costs

The cost of short-term employee benefits (those payable within 12 months after the service is rendered, such as paid annual leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised, as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when absence occurs.

The expected cost of profit-sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

1.13 Share-based payments

The cost of goods or services received in a share-based payment transaction are recognised as the goods or services are received.

A corresponding increase in equity is recognised if the goods or services were received in an equity-settled share-based payment transaction, or a liability if the goods or services were acquired in a cash-settled share-based payment transaction.

For equity-settled share-based payment transactions, the goods or services received are measured, as well as the corresponding increase in equity, at the fair value of the goods or services received, unless that fair value cannot be estimated reliably.

If the fair value of the goods or services received cannot be estimated reliably, their value and the corresponding increase in equity, are measured by reference to the fair value of the equity instruments granted.

For cash-settled share-based payment transactions, the goods or services received and the liability incurred are measured at the fair value of the liability. Until the liability is settled, the fair value of the liability is re-measured at each reporting date and at the date of settlement, with any changes in fair value recognised in the statement of comprehensive income for the period. The estimate of the number of options expected to vest is carried out at each reporting date. Any adjustments are made through the statement of comprehensive income.

If the share-based payments granted do not vest until the counterparty completes a specified period of service, the company accounts for those services as they are rendered by the counterparty during the vesting period, or on a straight-line basis over the vesting period.

1.14 Translation of foreign currencies

Foreign currency transactions are recorded, on initial recognition in Rands, by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the transaction.

At each reporting date:

- foreign currency monetary items are reported using the closing rate;
- non-monetary items, which are carried in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of transaction; and
- non-monetary items, which are carried at fair value denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

1. ACCOUNTING POLICIES (CONTINUED)

1.14 Translation of foreign currencies (continued)

At each reporting date: (continued)

Exchange differences arising on the settlement of monetary items at rates different from those at which they were initially recorded during the period, or reported in previous financial statements, are recognised as income or expenses in the period in which they arise.

1.15 Revenue recognition

Revenue comprises the invoiced value for the sale of services, net of Value-Added Tax and discounts and after eliminating sales within the group. Revenue from the sale of airtime is recognised upon broadcasting of the advertising material. Revenue from management fees and rental is recognised evenly throughout the year.

Other income

Finance income is recognised in the statement of comprehensive income using the effective interest rate method.

Investment income is recognised in the statement of comprehensive income when the company's right to receive payment has been established.

1.16 Borrowing cost

Borrowing costs are recognised as an expense in the period in which they are incurred. To the extent that they are incurred in respect of a qualifying asset, they are capitalised.

1.17 Provisions

Provisions are recognised when:

- there is a present legal or constructive obligation as a result of past events;
- it is more likely than not that an outflow of resources will be required to settle the obligation;
- the amount has been reliably estimated.

Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow, with respect to any one item included in the same class of obligations, is minimal. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the increases specific to the liability. The increase in the provision due to the passage of time is recognised as finance expenses.

1.18 Segmental reporting

An operating segment is a component of an entity:

- that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity);
- whose operating results are regularly reviewed by the entity's chief operating decision-maker to make decisions about resources to be allocated to the segments, and assesses its performance; and
- for which discrete financial information is available.

Operating segments are identified with reference to their contribution to the group. Due to the nature of the financial information inter segmental transactions are eliminated.

2. Statements and interpretations not yet effective

No new standards have been applied.

The following standards and interpretations became effective from 1 April 2012 but were not relevant:

		Details of amendment	Effective from
IAS 12:	Income Taxes	Rebuttable presumption introduced that an investment property will be recovered in its entirety through sale	1 January 2012

The following standards and interpretations are not yet effective:

IFRS 7:	Financial Instrument Disclosures	Amendments require entities to disclose gross amounts subject to rights of set-off, amounts set-off in accordance with accounting standards followed, and the related net credit exposure. This information will help investors understand the extend to which an entity has set-off in its balance sheet and the effect of rights of set-off on the entity's rights and obligations	1 January 2013
IFRS 9:	Financial Instruments	New standard that forms the first part of a three-part project to replace IAS 39: *Financial Instruments: Recognition and Measurement*	1 January 2015
IFRS 10:	Consolidated Financial Statements	New standard that replaces the consolidation requirements in SIC-12 *Consolidation – Special Purpose Entities* and *IAS 27: Consolidated and Separate Financial Statements*. Standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company and provides additional guidance to assist in the determination of control where this is difficult to assess Amendments to the transition guidance of IFRS 10: *Consolidated Financial Statements, IFRS 11 Joint Venture Arrangements* and *IFRS 12 Disclosure of Interests in Other Entities*, thus limiting the requirements to provide adjusted comparative information	1 January 2013

2. Statements and interpretations not yet effective (continued)

The following standards and interpretations are not yet effective:

		Details of amendment	Effective from
		IFRS 10 exception to the principle that all subsidiaries must be consolidated. Entities meeting the definition of "Investment Entities" must be accounted for at fair value under *IFRS 9: Financial Instruments,* or *IAS 39: Financial Instruments: Recognition and Measurement*	1 January 2014
IFRS 11:	Joint Arrangements	New standard that deals with the accounting for joint arrangements and focuses on the rights and obligations of the arrangement, rather than its legal form. Standard requires a single method of accounting for interests in jointly controlled entities	1 January 2013
		Amendments to the transition guidance of *IFRS 10: Consolidated Financial Statements, IFRS 11: Joint Venture Arrangements* and *IFRS 12: Disclosure of Interests in Other Entities,* thus limiting the requirements to provide adjusted comparative information	1 January 2013
IFRS 12:	Disclosure of Interests in Other Entities	New and comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off-balance sheet vehicles	1 January 2013
		Amendments to the transition guidance of *IFRS 10: Consolidated Financial Statements, IFRS 11: Joint Venture Arrangements* and *IFRS 12: Disclosure of Interests in Other Entities,* thus limiting the requirements to provide adjusted comparative information	1 January 2013
		New disclosure required from Investment Entities (as defined in IFRS 10)	1 January 2013
IFRS 13:	Fair Value Measurement	New guidance on fair value measurement and disclosure requirements	1 January 2013

2. Statements and interpretations not yet effective (continued)

The following standards and interpretations are not yet effective:

		Details of amendment	Effective from
IAS 1:	Presentation of Financial Statements	New requirements to group together items within OCI that may be reclassified to the profit or loss section of the income statement in order to facilitate the assessment of their impact on the overall performance of an entity	1 July 2012
		Annual Improvements 2009 – 2011 Cycle, Amendments clarifying the requirements for comparative information including minimum and additional comparative information required	1 January 2013
IAS 16:	Property, Plant and Equipment	Annual Improvements 2009-2011 Cycle: Amendments to the recognition and classification of servicing equipment	1 January 2013
IAS 27:	Consolidated and Separate Financial Statements	Consequential amendments resulting from the issue of IFRS 10,11 and 12	1 January 2013
		Requirement to account for interest in 'Investment Entities' at fair value under IFRS 9, Financial Instruments, or IAS 39, Financial Instruments; Recognition and Measurement, in the separate financial statements of a parent	1 January 2014
IAS 28:	Investments in Associates	Consequential amendments resulting form the issue of IFRS 10,11 and 12	1 January 2013
IAS 32:	Financial Instruments: Presentation	Amendments require entities to disclose gross amounts subject to rights of set-off, amounts set off in accordance with accounting standards followed, and the net related credit exposure. This information will help investors understand the extend to which an entity has set off in its balance sheet and the effects of rights of set-off on the entity's rights and obligations	1 January 2013
		Annual Improvements 2009-2011 Cycle: Amendments to clarify the tax effect of distribution to holders of equity instruments	1 January 2013
IAS 34:	Interim Financial Reporting	Annual Improvements 2009-2011 Cycle: Amendments to improve the disclosure for interim financial reporting and segment information for total assets and liabilities	1 January 2013

The directors anticipate that the adoption of these standards and interpretations in future periods will have no material impact.

	Electronic equipment R'000	Office equipment R'000	Motor vehicles R'000	Leasehold improve-ments R'000	Freehold land and building R'000	Total R'000
3. Property, plant and equipment						
GROUP						
Year ended 31 March 2013						
Opening net book value	**5 565**	**1 597**	**802**	**3 335**	**17 831**	**29 130**
Additions	**2 335**	**288**	**–**	**210**	**7 000**	**9 833**
Depreciation	**(2 165)**	**(661)**	**(267)**	**(981)**	**–**	**(4 074)**
Disposals/transfers	**(214)**	**206**	**–**	**–**	**–**	**(8)**
Closing net book value	**5 521**	**1 430**	**535**	**2 564**	**24 831**	**34 881**
At 31 March 2013						
Cost	**16 422**	**3 789**	**1 732**	**5 849**	**24 831**	**52 623**
Accumulated depreciation	**(10 901)**	**(2 359)**	**(1 197)**	**(3 285)**	**–**	**(17 742)**
Net book value	**5 521**	**1 430**	**535**	**2 564**	**24 831**	**34 881**
Year ended 31 March 2012						
Opening net book value	5 754	1 303	301	4 295	13 759	25 412
Additions	1 768	1 064	612	206	4 072	7 722
Depreciation	(1 941)	(764)	(97)	(1 166)	–	(3 968)
Disposals/transfers	(16)	(6)	(14)	–	–	(36)
Closing net book value	5 565	1 597	802	3 335	17 831	29 130
At 31 March 2012						
Cost	14 644	4 324	1 732	5 639	17 831	44 170
Accumulated depreciation	(9 079)	(2 727)	(930)	(2 304)	–	(15 040)
Net book value	5 565	1 597	802	3 335	17 831	29 130
COMPANY						
Year ended 31 March 2013						
Opening net book value	**–**	**439**	**–**	**963**	**11 266**	**12 668**
Additions	**–**	**15**	**–**	**–**	**–**	**15**
Depreciation	**–**	**(66)**	**–**	**–**	**–**	**(66)**
Disposals/transfers	**–**	**–**	**–**	**–**	**–**	**–**
Closing net book value	**–**	**388**	**–**	**963**	**11 266**	**12 617**
At 31 March 2013						
Cost	**–**	**564**	**–**	**963**	**11 266**	**12 793**
Accumulated depreciation	**–**	**(176)**	**–**	**–**	**–**	**(176)**
Net book value	**–**	**388**	**–**	**963**	**11 266**	**12 617**
Year ended 31 March 2012						
Opening net book value	–	426	–	963	7 260	8 649
Additions	–	85	–	–	4 006	4 091
Depreciation	–	(66)	–	–	–	(66)
Disposals/transfers	–	(6)	–	–	–	(6)
Closing net book value	–	439	–	963	11 266	12 668
At 31 March 2012						
Cost	–	549	–	963	11 266	12 778
Accumulated depreciation	–	(110)	–	–	–	(110)
Net book value	–	439	–	963	11 266	12 668

Freehold buildings have not been depreciated as their estimated residual value at the reporting date exceeds their original purchase price.

Office equipment with a carrying value of R93 305 (2012: R168 863) is held as securities for finance leases – see note 13.

for the year ended 31 March 2013

	Group 2013 R'000	Group 2012 R'000	Company 2013 R'000	Company 2012 R'000
3. Property, plant and equipment (continued)				
Johannesburg				
Freehold land and buildings consist of:				
Remaining extent of Erf 1946 Houghton Estate	**7 260**	7 260	**7 260**	7 260
Portion 2 of Erf 1946 Houghton Estate	**4 006**	4 006	**4 006**	4 006
Erf 1947 Houghton Estate	**4 915**	4 915	**–**	–
Bloemfontein				
Erf 2692 Sunny Ridge Part 1	**1 650**	1 650	**–**	–
Erf 30374 Ext 213 Wild Olive Estate	**7 000**	–	**–**	–
	24 831	17 831	**11 266**	11 266
4. Goodwill				
Cost less accumulated impairment:			**–**	–
Umoya Communications (Pty) Limited	**20 309**	20 309	**–**	–
Central Media Group (Pty) Limited (t/a OFM)	**16 605**	16 605	**–**	–
AME Broadcasting (Pty) Limited	**2 512**	2 512	**–**	–
RedStar Talent (Pty) Limited – less than R1 000	**–**	–	**–**	–
Freesport (Pty) Limited (t/a SportElizabeth)	**354**	354	**–**	–
Carrying value at end of year	**39 780**	39 780	**–**	–
Movement for year				
Carrying value at beginning of year	**39 780**	39 785	**–**	–
RedStar Talent (Pty) Limited	**–**	(5)	**–**	–
Carrying value at end of year	**39 780**	39 780	**–**	–

In accordance with the group's accounting policy, an impairment test was performed on goodwill at year-end. Budgeted operating cash flows for the related business units were projected, based on revenue growth of 2% per annum and discounted at the group's weighted average pre-tax cost of capital. The impairment calculations performed indicated that the goodwill was not impaired.

	Company	
	Year ended 31 March 2013 R'000	Year ended 31 March 2012 R'000
5. Investment in subsidiaries		
AME Broadcasting (Pty) Limited (holding company)		
– 100 shares representing a 100% holding *	–	–
– Loan	–	1 955
– Loan to purchase 1000 United Stations (Pty) Limited shares representing a 100% holding	–	4 000
United Stations (Pty) Limited (Radio Advertising Sales House)		
– Loan	4 620	3 690
Central Media Group (Pty) Limited (t/a OFM)		
– 77 525 shares representing a 70,1% holding	28 968	28 968
Umoya Communications (Pty) Limited (t/a Algoa FM)		
– 1 000 shares representing a 90% holding	23 683	23 683
Radio Heads Investment Holdings (Pty) Limited (holding company)		
– 511 shares representing a 51,1% holding *	–	–
– Loan	21	14
Radio Heads (Pty) Limited (Radio Advertising Sales House)		
– 490 shares representing a 49% holding *	–	–
– Loan	9 293	5 973
Algoa FM Radio Empowerment Company (Pty) Limited		
– 49 shares representing a 49% holding *	–	–
	66 585	68 283
Provision for impairment in subsidiaries	(9 293)	(6 147)
	57 292	62 136

** Less than R1 000*

All subsidiaries share the year end of the company and are incorporated in South Africa.

The loans to subsidiaries are unsecured and interest free. The subsidiary companies have an unconditional right to defer settlement of the loan for 12 months. The company has subordinated R5,6 million (2012: R2,9 million) of one of its loans to a subsidiary.

	Group		Company	
	Year ended 31 March 2013 R'000	Year ended 31 March 2012 R'000	**Year ended 31 March 2013 R'000**	Year ended 31 March 2012 R'000
6. Investment in associated companies				
M-Power Radio (Pty) Limited (t/a M-Power FM)				
– 498 shares representing a 24,9% holding	**–**	1 494	**–**	1 494
– Impairment of Investment	**–**	–	**–**	(1 494)
– Share of post-acquisition loss	**–**	(1 494)	**–**	–
– Loan	**–**	1 494	**–**	1 494
– Impairment of loan	**–**	(1 494)	**–**	(1 494)
Mahareng Publishing (Pty) Limited				
– 500 shares representing a 50% holding	**1**	1	**–**	–
– Loan	**5 050**	5 050	**–**	–
Share of post-acquisition loss	**(2 098)**	(2 071)	**–**	–
	2 953	2 980	**–**	–

** Less than R1 000*

All loans are interest free with no fixed terms of repayment.

M-Power Radio has a June financial year-end; March 2012 management account information was used in the preparation of the summarised financial information for 2012.

During the 2013 financial year it was decided to reclassify the investment in M-Power Radio from an associate to an available for sale investment. African Media Entertainment Limited ceased to have board representation on the M-Power board and no longer has significant influence over the company.

Summary of the financial information:	2013	2012
Total assets		3 058
Total liabilities		15 362
Accumulated loss		12 304

Mahareng Publishing has a March financial year-end.

Summary of the financial information:	2013	2012
Total assets	**6 654**	6 737
Total liabilities	**10 970**	10 943
Accumulated loss	**4 316**	4 207

	Group		Company	
	2013 R'000	2012 R'000	2013 R'000	2012 R'000
7. Other financial instruments				
Available for sale financial assets:				
Loan to Share Incentive Trust	–	–	6 249	6 329
Provision for diminution in value	–	–	(446)	(1 686)
Chestnut Hill Investments 265 (Pty) Limited				
– 1 247 cumulative redeemable preference shares	1 247	1 247	1 247	1 247
– Provision for diminution in value	(1 246)	(1 246)	(1 246)	(1 246)
Before The Wind Investments 160 (Pty) Limited				
– 1 300 cumulative redeemable preference shares	1 300	1 300	1 300	1 300
– Provision for diminution in value	(1 300)	(1 299)	(1 300)	(1 299)
Mokgosi Holdings (Pty) Limited				
– 10 "B" ordinary shares at cost	9 200	9 200	9 200	9 200
– Loan	24	21	24	20
Moneyweb Limited				
– 1 000 000 ordinary shares at cost	680	680	680	680
– Provision for diminution in value	(680)	–	(680)	–
M-Power Radio (Pty) Limited (t/a M-Power FM)				
– 498 shares representing a 24,9% holding *	–	–	–	–
– Loan	1 494	–	1 494	–
– Impairment of loan	(1 494)	–	(1 494)	–
	9 225	9 903	15 028	14 545
Level 1	–	680	5 803	5 323
Level 2	9 225	9 223	9 225	9 222
	9 225	9 903	15 028	14 545

** Less than R1 000*

The loan to the Share Incentive Trust is interest free and there are no fixed terms of repayment. The company does not have the intention to demand payment on these loans within the next 12 months. At the date of this report, none of the 89 275 shares held in the Share Incentive Trust have been allotted and no options in respect of these shares have been granted. Dividends payable to the trust have been utilised to reduce the loan amount.

During the 2013 financial year it was decided to reclassify the investment in M-Power Radio from an associate to an available for sale investment. African Media Entertainment Limited ceased to have board representation on the M-Power board and no longer has significant influence over the company.

Basis of valuation

The carrying values of the investments were evaluated and there have been no indications of further impairment.

The investments in Moneyweb Limited and the loan to the Share Incentive Trust are level 1 investments and the remainder are level 2 investments in terms of IFRS 7.

	Group 2013 R'000	Group 2012 R'000	Company 2013 R'000	Company 2012 R'000
8. Deferred taxation				
Balance at beginning of year	**7 235**	4 642	**1 192**	632
Movements during year attributable to:				
– Temporary differences	**581**	3 291	**(157)**	1 008
– Computed tax losses	**659**	(698)	**–**	(448)
Balance at end of year	**8 475**	7 235	**1 035**	1 192
The balance comprises:				
Provision for leave pay	**356**	298	**46**	35
Income received in advance	**429**	404	**–**	–
Pre-paid expenditure	**(18)**	(7)	**–**	–
Accelerated capital allowances	**(227)**	(249)	**–**	–
Operating lease accrual	**23**	137	**–**	–
Provisions other	**5 126**	4 375	**989**	1 157
Provision for doubtful debts	**560**	710	**–**	–
Computed tax losses	**2 226**	1 567	**–**	–
	8 475	7 235	**1 035**	1 192

The group expects that, with the profits expected to be generated in future years, the computed tax losses will be utilised.

Deferred tax assets have been recognised for all unused tax losses.

	Group 2013 R'000	Group 2012 R'000	Company 2013 R'000	Company 2012 R'000
9. Trade receivables				
Trade accounts receivable	**67 554**	60 524	**–**	–
Allowance for impairment of receivables	**(3 324)**	(3 961)	**–**	–
	64 230	56 563	**–**	–

The maximum exposure to credit risk for gross trade receivables at the reporting date by type of customer was:

	Average debtors terms (days)	Group 2013 R'000	Group 2012 R'000	Company 2013 R'000	Company 2012 R'000
Parastatals/government	30	**2 176**	2 060	**–**	–
Corporates	30/60	**47 441**	47 152	**–**	–
SMMEs	30	**17 795**	11 312	**–**	–
Individuals	30	**142**	–	**–**	–
		67 554	60 524	**–**	–

		Group		Company	
		2013	2012	**2013**	2012
		R'000	R'000	**R'000**	R'000

9. Trade receivables (continued)

The maximum exposure to credit risk for gross trade receivables at the reporting date by geographical region was:

	Average debtors' terms (days)				
South Africa	30/60	**67 554**	60 524	**–**	–
		67 554	60 524	**–**	–
Within terms:					
Current		**37 524**	34 031	**–**	–
Due 30 days and less		**22 604**	19 960	**–**	–
Past due:					
Due 30 to 60 days		**3 011**	1 775	**–**	–
Due 60 to 90 days		**3 408**	4 106	**–**	–
Due 90 days +		**1 007**	652	**–**	–
		67 554	60 524	**–**	–

Credit risk is minimised through an initial new client acceptance procedure whereby potential customers are individually assessed before an appropriate credit limit is allocated. The subsidiaries use a vetting agency who maintains current credit data on most companies in South Africa. R0,9 million (2012: R2,8 million) of the group's trade and other receivables have been ceded as security for Media Credit Co-ordination's accreditation.

	Group		Company	
	2013	2012	**2013**	2012
	R'000	R'000	**R'000**	R'000
Allowance for impairment of receivables:				
Balance at beginning of year	**(3 961)**	(3 154)	**–**	–
Impairment loss utilised/reversed	**795**	695	**–**	–
Impairment loss provided	**(158)**	(1 502)	**–**	–
	(3 324)	(3 961)	**–**	–
The reason for recognising the following impairment losses were:				
Financial difficulties/bankruptcy	**2 515**	3 079	**–**	–
Absconded	**2**	14	**–**	–
Dispute	**807**	868	**–**	–
	3 324	3 961	**–**	–

Listings of overdue customer balances are reviewed monthly and against their credit terms/limits. Customers exceeding their credit terms limit must settle their overdue balance before any further credit is extended.

Appropriate action is taken to recover long overdue debts.

Balance past due are not impaired, except to the extent that financial difficulty of the customer has been identified, or a dispute has been received.

	Group		Company	
	Year ended 31 March 2013 R'000	Year ended 31 March 2012 R'000	**Year ended 31 March 2013 R'000**	Year ended 31 March 2012 R'000
10. Share capital				
Authorised				
15 000 000 ordinary shares of R1 each	**15 000**	15 000	**15 000**	15 000
Issued				
8 288 309 (2012:8 288 309) ordinary shares of R1 each	**8 288**	8 288	**8 288**	8 288
Held by the AME Share Incentive Trust	**(89)**	(89)	**–**	–
Held by AME Broadcasting (Pty) Limited	**(28)**	(28)	**–**	–
	8 171	8 171	**8 288**	8 288
Unissued shares				
The 6 711 691 (2012: 6 711 691) unissued shares are under the control of the directors in terms of a resolution of members passed at the annual general meeting of shareholders on 11 September 2012. The authority is valid until the next annual general meeting.				
11. Non-distributable reserve				
Restatement of investment in subsidiaries	**–**	–	**15 624**	15 624
Fair value adjustment on available for sale financial assets reserve	**–**	–	**4 620**	4 620
	–	–	**20 244**	20 244
12. Operating lease accrual				
Liabilities for future rental payments	**62**	491	**–**	–
Less: Current portion included in current liabilities	**62**	291	**–**	–
	–	200	**–**	–

	Group 2013 R'000	Group 2012 R'000	Company 2013 R'000	Company 2012 R'000
13. Interest-bearing borrowings				
Finance leases	115	199	–	–
Less: Current portion included in current liabilities	74	84	–	–
	41	115	–	–

The capitalised finance lease liability is secured by office equipment (note 3). Interest is charged at 13,62% (2012:13,62%) per annum. The lease agreements provide for 60 monthly payments of R7 100 (2012: R9 945). The agreements do not provide for contingent payments.

Reconciliation between the total minimum lease payments and their present value:

	Group 2013 R'000	Group 2012 R'000	Company 2013 R'000	Company 2012 R'000
Minimum lease payments due				
– within one year	85	105	–	–
– in second to fifth year inclusive	42	127	–	–
	127	232	–	–
Future finance charges	(12)	(33)	–	–
Present value of minimum lease payments	115	199	–	–
14. Other payables				
Amounts received in advance	1 494	1 526	–	–
Share-based bonuses	7 202	5 788	2 260	1 530
Receiver of Revenue VAT	1 318	2 015	51	–
Accruals	31 814	25 409	2 611	3 230
	41 828	34 738	4 922	4 760

15. Bank facilities

The banking facilities for debit order transactions of the group are secured by limited suretyships by each individual subsidiary for its own facility.

16. Financial assets by category

	Loans and receivables R'000	Non-financial instruments R'000	Available-for-sale R'000	Total R'000
Group				
2013				
Other financial instruments	**24**	**–**	**9 201**	**9 225**
Trade receivables	**64 230**	**–**	**–**	**64 230**
Dividends receivable	**950**	**–**	**–**	**950**
Other receivables	**159**	**2 295**	**–**	**2 454**
Tax paid in advance	**–**	**134**	**–**	**134**
Cash and cash equivalents	**78 784**	**–**	**–**	**78 784**
	144 147	**2 429**	**9 201**	**155 777**
2012				
Other financial instruments	21	–	9 882	9 903
Trade receivables	56 563	–	–	56 563
Other receivables	795	1 826	–	2 621
Cash and cash equivalents	57 110	–	–	57 110
	114 489	1 826	9 882	126 197
Company				
2013				
Other financial instruments	**5 827**	**–**	**9 201**	**15 028**
Dividends receivable	**9 950**	**–**	**–**	**9 950**
Other receivables	**527**	**397**	**–**	**924**
Cash and cash equivalents	**57 551**	**–**	**–**	**57 551**
	73 855	**397**	**9 201**	**83 453**
2012				
Other financial instruments	4 663	–	9 882	14 545
Other receivables	919	499	–	1 418
Cash and cash equivalents	19 824	–	–	19 824
	25 406	499	9 882	35 787

17. Financial liabilities by category

	Non-financial instruments R'000	Amortised cost R'000	Total R'000
Group			
2013			
Interest-bearing borrowings	–	115	115
Trade payables	–	37 215	37 215
Other payables	2 812	39 078	41 890
Dividend payable	–	915	915
	2 812	77 323	80 135
2012			
Interest-bearing borrowings	–	199	199
Trade payables	–	33 531	33 531
Other payables	3 541	31 688	35 229
Dividend payable	–	777	777
	3 541	66 195	69 736
Company			
2013			
Trade payables	–	167	167
Other payables	51	4 871	4 922
Dividend payable	–	915	915
	51	5 953	6 004
2012			
Trade payables	–	179	179
Other payables	–	4 760	4 760
Dividend payable	–	777	777
	–	5 716	5 716

	Group			
	Year ended 31 March 2013 R'000	Year ended 31 March 2012 R'000		
18. Revenue				
Commercial advertising	216 688	206 075	–	–
Management fees and rental received from subsidiaries	–	–	4 920	4 920

for the year ended 31 March 2013

	Group		Company	
	Year ended 31 March 2013 R'000	Year ended 31 March 2012 R'000	**Year ended 31 March 2013 R'000**	Year ended 31 March 2012 R'000
19. Operating expenses				
are stated after taking the following into account:				
Expenses				
Administration and management fees paid				
– other companies	**372**	413	**–**	–
Auditors' remuneration				
– audit fees	**804**	771	**268**	225
– other services	**17**	9	**–**	–
Consulting fees	**593**	471	**103**	211
Depreciation	**4 074**	3 968	**66**	66
Legal fees	**422**	(1 134)	**63**	(1 638)
Loss on disposal of property, plant and equipment	**9**	3	**–**	–
Operating lease charges				
– premises	**3 826**	2 018	**–**	–
– office equipment	**4 871**	483	**–**	–
Secretarial fees	**29**	10	**25**	9
Staff costs	**66 410**	53 702	**592**	1 455
Defined contribution plans	**2 871**	2 335	**17**	52
Impairment of investment in subsidiary	**–**	–	**3 146**	4 429
Impairment/(reversal of impairment) of other financial instruments	**681**	1	**(559)**	(3 081)

19. Operating expenses (continued)

Directors' emoluments

	Remuneration 2013 R'000	Remuneration 2012 R'000	Fees 2013 R'000	Fees 2012 R'000
ACG Molusi *	–	–	119	83
KL Dube *	–	–	74	21
MJ Prinsloo *	–	–	206	185
N Sooka *	–	–	110	94
W Tshuma *	–	–	115	99
AJ Davies **	693	680	–	–
M Mynhardt **	1 774	1 006	–	–
Total remuneration	2 467	1 686	624	482
Paid by the company	2 467	1 686	624	482
Total remuneration	2 467	1 686	624	482

* *Independent non-executive director*

** *Executive director*

Breakdown of executive directors' salaries

2013	Share options cash settled R'000	Salary R'000	Bonus R'000	Total R'000
AJ Davies	–	618	75	693
M Mynhardt	690	809	275	1 774
Total remuneration	690	1 427	350	2 467
2012				
AJ Davies	–	630	50	680
M Mynhardt	–	756	250	1 006
Total remuneration	–	1 386	300	1 686

for the year ended 31 March 2013

		Group		Company	
		Year ended 31 March 2013 R'000	Year ended 31 March 2012 R'000	**Year ended 31 March 2013 R'000**	Year ended 31 March 2012 R'000
20.	**Investment income and finance costs**				
	Investment income				
	– dividends received from subsidiary companies	–	–	**51 940**	8 000
	– dividends received from other companies	**1 930**	1 241	**1 930**	1 241
	– preference dividends receivable from associate companies	–	–	–	(300)
		1 930	1 241	**53 870**	8 941
	Finance income				
	– interest received from bank	**3 060**	2 795	**1 857**	1 689
	– other	**10**	147	**10**	18
		3 070	2 942	**1 867**	1 707
	Finance costs				
	Interest paid to				
	– other	**73**	73	–	–
		73	73	–	–
21.	**Taxation**				
	South African normal taxation				
	– current	**17 803**	15 998	**131**	54
	– prior year adjustment	**107**	(232)	**107**	–
	Deferred taxation				
	– current	**(1 418)**	(2 593)	**(21)**	(560)
	– prior year adjustment	**178**	–	**178**	–
		16 670	13 173	**395**	(506)
	Tax rate reconciliation:	**%**	%	**%**	%
	Statutory tax rate	**28,0**	28,0	**28,0**	28,0
	Non-deductible expenditure	**1,1**	1,1	**2,8**	16,5
	Exempt income	**(1,0)**	(3,2)	**(30,5)**	(49,4)
	Prior year adjustments	**0,5**	(1,5)	**0,5**	–
	Effective tax rate	**28,6**	24,4	**0,8**	(4,9)

The company has an estimated tax loss of Rnil (2012: Rnil) and the group has an estimated tax loss of R7,9 million (2012: R5,6 million) available for set-off against future taxable income. These amounts have not yet been assessed and their recoverability is dependent on the company and the group earning future taxable income. Deferred tax assets have been raised to the extent that it is reasonably certain that the estimated tax losses will be utilised against future taxable income.

The company has unutilised Secondary Tax on Companies credits of Rnil (2012: R242 500) available to set-off against future dividends declared.

	Group		Company	
	Year ended 31 March 2013 R'000	Year ended 31 March 2012 R'000	**Year ended 31 March 2013 R'000**	Year ended 31 March 2012 R'000
22. Earnings and headline earnings per share				
The earnings and headline earnings per share information is based on the following:				
Profit attributable to the equity holders of the company	**37 894**	36 399	**–**	–
Loss on disposal of property, plant and equipment	**9**	3	**–**	–
Tax on disposal of property, plant and equipment	**(3)**	(1)	**–**	–
Headline earnings	**37 900**	36 401	**–**	–
Earnings per share (cents)	**463,8**	428,8	**–**	–
Headline earnings per share (cents)	**463,9**	428,9	**–**	–
Weighted average number of shares in issue ('000)	**8 171**	8 488	**–**	–
23. Taxation paid				
Amount (unpaid)/prepaid at beginning of year	**(1 495)**	(1 212)	**26**	–
Amount charged to statement of comprehensive income	**(17 910)**	(15 766)	**(238)**	(54)
Amount unpaid/(prepaid) at end of year	**590**	1 495	**168**	(26)
	(18 815)	(15 483)	**(44)**	(80)
24. Increase in investments and loans				
(Increase)/decrease in investment in subsidiaries	**–**	(4 000)	**1 698**	(1 634)
Increase in investments in associates	**–**	(2 150)	**–**	–
Increase/(decrease) in financial instruments	**(3)**	(20)	**76**	(2 565)
	(3)	(6 170)	**1 774**	(4 199)

	Group		Company	
	Year ended 31 March 2013 R'000	Year ended 31 March 2012 R'000	**Year ended 31 March 2013 R'000**	Year ended 31 March 2012 R'000
25. Share-based payments				
Expense arising from share-based payment transactions	**1 414**	3 715	**730**	1 225
	Number of options		**Number of options**	
Balance at beginning of year	**275 000**	466 668	**125 000**	141 667
Number forfeited (grant 1)	**(33 334)**	(158 334)	**–**	(16 667)
Number forfeited (grant 2)	**–**	(33 334)	**–**	–
Number forfeited (grant 3)	**(25 000)**	–	**(25 000)**	–
Number granted (grant 4)	**–**	–	**–**	–
Balance at end of year	**216 666**	275 000	**100 000**	125 000

Date of grant:		**Grant 1** 1 August 2006	**Grant 2** 7 May 2008	**Grant 3** 3 September 2009	**Grant 4** 1 October 2010	Total
Number of options:						
Number at beginning of year		83 334	66 666	75 000	50 000	275 000
Number cash settled		(33 334)	–	(25 000)	–	(58 334)
Number granted		–	–	–	–	–
Number at end of year		50 000	66 666	50 000	50 000	216 666
Contractual life:		5 years	5 years	5 years	5 years	
Vesting conditions:	after 3 years	33,3%	33,3%	33,3%	33,3%	
	after 4 years	33,3%	33,3%	33,3%	33,3%	
	after 5 years	33,3%	33,3%	33,3%	33,3%	

Senior executive directors of certain subsidiary companies received share options as part of the group's share bonus scheme. There were 216 666 (2012: 275 000) options outstanding at the end of the financial period. No additional options were granted during the year.

The incentive scheme is intended to function as a bonus scheme for senior executive directors of the group. On 1 April 2011 the terms of the agreement were amended to allow for cash-settled instruments only. This is in line with the actual settlements to date and indications are that all future settlements will be settled for cash as well. The agreement was changed in consultation with management.

The weighted average share price at the date of cash settlement was R59,48 (2012: R47,95).

25. Share-based payments (continued)

The values of the share options were determined using the Black-Scholes Merton Option Valuation Model, for cash-settled instruments.

The model inputs were as follows:

2013	Grant 1	Grant 2	Grant 3	Grant 4
Share price at reporting date	R65,00	R65,00	R65,00	R65,00
Exercise price	R17,50	R26,50	R24,50	R33,00
Expected volatility	24,8%	24,8%	24,8%	24,8%
Risk free interest rate	5,00%	5,00%	5,00%	5,00%
Dividend yield	2,00%	2,00%	2,00%	2,00%
Fair value	R47,50	R38,54	R40,78	R31,95
Mark to market value	R47,50	R38,50	R40,50	R32,00
2012	**Grant 1**	**Grant 2**	**Grant 3**	**Grant 4**
Share price at grant date	R52,00	R52,00	R52,00	R52,00
Exercise price	R17,50	R26,50	R24,50	R33,00
Expected volatility	34,03%	34,03%	34,03%	34,03%
Risk free interest rate	6,7%	6,7%	6,7%	6,7%
Dividend yield	0%	0%	0%	0%
Fair value	R34,60	R26,54	R30,35	R24,08
Mark to market value	R34,50	R25,50	R27,50	R19,00

The volatility is based on statistical analysis of the daily share prices over the last five years, prior to issue date.

The group expects the future volatility of its share price to be in line with the historical volatility.

26. Borrowing powers

In terms of the company's Memorandum of Incorporation, the borrowing powers of the company are unlimited.

At 31 March 2013 the company's borrowings totalled Rnil (2012: Rnil), and its subsidiaries' borrowings totalled R0,1 million (2012: R0,2 million).

27. Retirement benefits

Certain subsidiary companies presently contribute to defined contribution retirement benefit plans, being either provident funds or pension funds governed by the Pension Funds Act, 1956 which, due to the nature of the funds, do not require actuarial valuations.

It is compulsory for the employees of the subsidiary companies to be a member of a fund. The subsidiaries and members of the funds contribute to the funds in equal proportions.

The group has no obligations to fund post-retirement medical benefits.

28. Related parties

Identity of related parties

The subsidiaries of the group are identified in note 5 and the associates of the group are disclosed in note 6. Significant shareholders are detailed on page 51. The directors are listed in the Directors' report. Details of key management are listed on page 3.

Related party transactions

Details of the directors' remuneration are listed in the Directors' report. Trading transactions occur between subsidiaries and divisions within the group companies and are reversed on consolidation of the accounts. Details of such transactions, including loans, other receivables, management fees, rental and dividends are detailed below:

	Company	
	2013	2012
	R'000	R'000
Loan accounts owing by related parties		
AME Broadcasting (Pty) Limited	**–**	5 955
United Stations (Pty) Limited	**4 620**	3 690
Radio Heads (Pty) Limited	**9 293**	5 973
Radio Heads Investment Holdings (Pty) Limited	**21**	14
Amounts included in other receivables regarding related parties		
Umoya Communications (Pty) Limited	**207**	228
Central Media Group (Pty) Limited	**182**	182
United Stations (Pty) Limited	**8**	–

	Year ended 31 March 2013 R'000	Year ended 31 March 2012 R'000
Management fees received from related parties		
Umoya Communications (Pty) Limited	**2 400**	2 400
Central Media Group (Pty) Limited	**1 920**	1 920
United Stations (Pty) Limited	**240**	240
Rental received from related party		
United Stations (Pty) Limited	**360**	360
Interest received from related party		
Radio Heads (Pty) Limited	**–**	18
Dividends received from related parties		
Umoya Communications (Pty) Limited	**24 840**	8 000
Central Media Group (Pty) Limited	**18 073**	–
AME Broadcasting (Pty) Limited	**28**	–
United Stations (Pty) Limited	**9 000**	–

	Group		Company	
	Year ended 31 March 2013 R'000	Year ended 31 March 2012 R'000	**Year ended 31 March 2013 R'000**	Year ended 31 March 2012 R'000
Associates' loan				
Mahareng Publishing (Pty) Limited	**5 050**	5 050	**–**	–

	Year ended 31 March 2013 R'000	Year ended 31 March 2012 R'000

28. Related parties (continued)

Key management personnel (being the executive management as per page 3) remuneration for the period amounted to:

	Year ended 31 March 2013 R'000	Year ended 31 March 2012 R'000
Basic	**3 610**	3 335
Medical aid	**53**	87
Pension	**287**	267
Bonus	**1 469**	809
Share-based payments	**–**	2 743
	5 419	7 241

Details of guarantees between the holding company and its subsidiaries are contained in note 31 to these financial statements.

None of the directors or major shareholders of the group, nor their families, had any direct or indirect interests in any transaction concluded with the group in the current or prior financial years, other than is disclosed in this note.

29. Financial instruments

Credit risk

Financial assets which potentially subject the group to concentrations of credit risk consist principally of cash, short-term deposits and trade receivables. The group's cash equivalents and short-term deposits are placed with high credit quality financial institutions. Trade receivables are presented net of the allowance for doubtful receivables. Credit risk with respect to trade receivables is limited due to the large number of customers comprising the group's customer base and their dispersion across different industries and geographical areas. Accordingly, the group has no significant concentration of credit risk.

In regard to the company, loans to subsidiaries are impaired when necessary, trade receivables are presented net of allowances for impairment. Credit risk with regard to loans to associates are not material to the group.

The carrying amounts of financial assets included in the consolidated statement of financial position represent the group's exposure to credit risk in relation to these assets.

Fair values

At 31 March 2013 and 31 March 2012 the carrying amounts of cash and short-term deposits, receivables, payables and accrued expenses and short-term borrowings approximated their fair values due to the short-term maturities of these assets and liabilities. The carrying value of available for sale assets are fairly valued annually.

Liquidity risk

The group's and company's exposure to liquidity risk is as a result of the availability of funds to cover future commitments. The group manages its liquidity risk through an ongoing review of future commitments and by monitoring cash flow forecasts. The only financial instruments which expose the group to liquidity risk are interest-bearing borrowings and trade payables, all of which will be paid within agreed credit terms.

The table below analyses the group's and company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date.

29. Financial instruments (continued)

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying value as the impact of discounting is not significant.

GROUP	Less than 1 year R'000	Between 1 and 2 years R'000	Between 2 and 5 years R'000	Over 5 years R'000
At 31 March 2013				
Borrowings	**74**	**41**	–	–
Trade and other payables	**80 020**	–	–	–
At 31 March 2012				
Borrowings	84	74	41	–
Trade and other payables	69 337	200	–	–
COMPANY				
At 31 March 2013				
Borrowings	–	–	–	–
Trade and other payables	**6 004**	–	–	–
At 31 March 2012				
Borrowings	–	–	–	–
Trade and other payables	5 716	–	–	–

	Group 2013 R'000	Group 2012 R'000	Company 2013 R'000	Company 2012 R'000
Interest rate risk				
The group's and company's exposure to interest rate risk and the effective interest rates on financial instruments at balance sheet date were:				
Floating interest rate instruments	**78 669**	56 911	**57 551**	19 824
Cash and cash equivalents	**78 784**	57 110	**57 551**	19 824
Interest-bearing borrowings	**(115)**	(199)	–	–
Weighted average effective interest rate (%)	**4,5**	4,9	**4,5**	4,9

Surplus cash flows exposed to interest rate risk are placed with institutions and facilities which yield the highest rate of return.

At 31 March 2013 and 31 March 2012, if interest rates had been 1% higher with all other variables held constant, post-tax profit of the group for the period would have increased by approximately R0,5 million (2012: R0,4 million) and for the company by approximately R0.3 million (2012: R0,2 million).

29. Financial instruments (continued)

Capital risk management

The group manages its capital to ensure that entities in the group will be able to continue as going concerns while maximising the returns to stakeholders through the optimisation of the debt and equity balance. The group's overall strategy remains unchanged from previous reporting period.

The capital structure of the group consists of debt, which includes interest-bearing liabilities disclosed in note 13, cash and cash equivalents and equity attributable to holders of the parent, comprising issued capital, reserves and retained earnings, respectively.

In order to maintain or adjust the capital structure, the group may adjust the dividend distribution to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

	Group		Company	
	Year ended 31 March 2013 R'000	Year ended 31 March 2012 R'000	**Year ended 31 March 2013 R'000**	Year ended 31 March 2012 R'000
30. Commitments				
Future operating lease charges for premises and office equipment:				
Payable within one year	**3 620**	1 509	**–**	–
Payable within two to five years	**10 503**	931	**–**	–
	14 123	2 440	**–**	–

Operating lease payments represent rentals payable by the group for certain of its premises and office equipment. Leases are negotiated for an average of two to five years. No contingent rent is payable.

The group has committed itself to capital expenditure of R0,6 million (2012: R0,1 million).

31. Contingent liabilities

The company stands surety for the liabilities amounting to R6,9 million (2012: R4,0 million) of one of its subsidiary companies for the benefit of Media Credit Co-ordination. The suretyships will remain in force for an indefinite period.

On 30 May 2012 the Copyright Tribunal delivered its judgement on the negotiations between the National Association of Broadcasters ("NAB") and the South African Music Performers Rights Association ("SAMPRA") relating to the appropriate royalty for Need Needletime. Consequently, the NAB filed an application for leave to appeal the Tribunal's decision to the Supreme Court of Appeal, and leave was granted to the NAB on 23 January 2013. All relevant court documents have been submitted by the NAB to the Supreme Court of Appeal in Bloemfontein.

32. Segmental reporting

	Radio broadcasters		Sales houses		Company		Group total	
	Year ended 31 March 2013 R'000	Year ended 31 March 2012 R'000	**Year ended 31 March 2013 R'000**	Year ended 31 March 2012 R'000	**Year ended 31 March 2013 R'000**	Year ended 31 March 2012 R'000	**Year ended 31 March 2013 R'000**	Year ended 31 March 2012 R'000
Revenue								
Total revenue	**187 551**	178 682	**42 990**	41 537	**4 920**	4 920	**235 461**	225 139
Internal revenue	**–**	–	**(13 853)**	(14 144)	**(4 920)**	(4 920)	**(18 773)**	(19 064)
External revenue	**187 551**	178 682	**29 137**	27 393	**–**	–	**216 688**	206 075
Profitability								
Segment profit from operations	**43 787**	39 348	**15 749**	10 941	**(6 162)**	(302)	**53 374**	49 987
Unallocated/eliminated corporate net expense and inter-company consolidation							**(27)**	(201)
							53 347	49 786
Investment income							**1 930**	1 241
Finance income							**3 070**	2 942
Finance cost							**(73)**	(73)
Taxation							**(16 670)**	(13 173)
Profit for year							**41 604**	40 723
Assets								
Segment assets	**59 712**	52 465	**54 041**	49 543	**46 376**	43 250	**160 129**	145 258
Investment in associates	**2 953**	2 980					**2 953**	2 980
							163 082	148 238
Cash and cash equivalents							**78 784**	57 110
							241 866	205 348
Liabilities								
Segment liabilities	**32 494**	29 670	**42 193**	35 871	**6 172**	5 716	**80 859**	71 257
Capital expenditure	**9 491**	3 023	**327**	608	**15**	4 091	**9 833**	7 722
Depreciation	**3 018**	2 927	**990**	975	**66**	66	**4 074**	3 968

ANALYSIS OF SHAREHOLDING

for the year ended 31 March 2013

	Number of shares held '000	Shares held %	Number of share-holders	Share-holder %
Size of shareholding				
1 – 1 000	108	1,3	412	71,4
1 001 – 10 000	438	5,3	111	19,2
10 001 – 100 000	1 401	16,9	39	6,8
100 001 +	6 341	76,5	15	2,6
Total	8 288	100,0	577	100,0
Category				
Private individuals	547	6,6	447	77,5
Nominee companies or trusts	6 743	81,4	100	17,3
Investment companies	812	9,8	19	3,3
Limited companies	43	0,5	2	0,3
Other corporate bodies	143	1,7	9	1,6
Total	8 288	100,0	577	100,0
Shareholder spread				
Non-public shareholders:				
AME Broadcasting (Pty) Limited	28	0,3	1	0,2
AME Share Incentive Trust	89	1,1	1	0,2
Shareholders holding more than 5% of the issued ordinary shares:				
– Moolman and Coburn Partnership	2 053	24,8	1	0,2
– Golden Hind Partnership	801	9,7	1	0,2
– Frances Elizabeth Coburn	800	9,7	1	0,2
– Barclays Private Bank and Trust Limited	523	6,3	1	0,2
– MGM Family Trust	497	6,0	1	0,2
	4 791	57,9	7	1,4
Public shareholders	3 497	42,1	570	98,6
Total	8 288	100,0	577	100,0

Directors' interests

There are no directors holding, directly or indirectly, in excess of 1% of the issued shares of the company on 31 March 2013.

NOTICE OF ANNUAL GENERAL MEETING

AFRICAN MEDIA
ENTERTAINMENT

(Incorporated in the Republic of South Africa)
(Registration number 1926/008797/06)
(Share code: AME) (ISIN: ZAE000055802)

Notice is hereby given that the fifteenth annual general meeting ("meeting") of shareholders of African Media Entertainment Limited ("AME" or "the company") will be held in the boardroom, Block B, Oxford Office Park, No 5, 8th Street, Houghton Estate, Johannesburg at 10:00 on Friday, 30 August 2013.

Record date, attendance and voting

The record date for determining which shareholders are entitled to notice of the meeting is Friday, 28 June 2013 and the record date for determining which shareholders are entitled to participate in and vote at the meeting is Friday, 23 August 2013. The last day to trade in order to be eligible to vote at the meeting is accordingly Friday, 16 August 2013.

Electronic attendance at the meeting

The company intends to make provision for the shareholders of the company or their proxies to participate in the meeting by way of electronic communication. Should you wish to participate in the meeting in this manner, you will need to contact the company at 011 442 0865 by 10:00 on Wednesday, 28 August 2013, alternatively, contact the transfer secretaries at 011 370 5122/7873 by 10:00 on Wednesday, 28 August 2013, so that the company can make the necessary arrangements for electronic communication. Should you be participating in the meeting by electronic communication, kindly ensure that the voting proxies are sent to the company or the transfer secretaries by 10:00 on Wednesday, 28 August 2013 at the addresses set out at the end of this notice of meeting.

Purpose of meeting

The purpose of this meeting is to present the Directors' report and the audited financial statements of the company and the group for the year ended 31 March 2013, and to consider and, if deemed fit, to pass, with or without modification, the ordinary and special resolutions set out below.

Ordinary resolutions

To consider, and, if deemed fit, approve the following ordinary resolutions with or without modification.

Voting requirements: In order to be adopted, all ordinary resolutions require the support of a majority of the votes cast by shareholders present or represented by proxy at this meeting. The quorum for the meeting is 25% of the issued share capital of the company.

1. **Ordinary resolution number 1: adoption of the annual financial statements**

   "Resolved that:
   the annual financial statements of the company and the group for the year ended 31 March 2013 be and are hereby adopted."

   Explanation: The reason for and effect of the ordinary resolution number 1 is to receive and adopt the annual financial statements for the company and the group for the year ended 31 March 2013.

2. **Ordinary resolution number 2: to place the unissued shares of the company under the control of the directors**

   "Resolved that:
   all the unissued shares in the capital of the company be placed under the control of the directors in terms of article 6 of the Memorandum of Incorporation of AME, as a general authority in terms of the Companies Act, 2008 (Act 71 of 2008), as amended ("the Act"), who are hereby authorised to allot and issue shares in the capital of the company to those persons, upon such terms and conditions, as the directors in their sole discretion deem fit, until the next annual general meeting, subject to the provisions of the Act and the Listings Requirements of the Johannesburg Stock Exchange ("JSE")."

   Explanation: In terms of article 6 of the Memorandum of Incorporation of AME and in terms of the general authority in the Act, the authority given at the annual general meeting needs to be renewed.

3. **Ordinary resolution number 3: re-election of directors**

   "Resolved that:
   3.1 Mr MJ Prinsloo, who retires by rotation in terms of the Memorandum of Incorporation

of the company and who is eligible and available for re-election, be and is hereby re-elected as a director of the company.

3.2 Mr W Tshuma, who retires by rotation in terms of the Memorandum of Incorporation of the company and who is eligible and available for re-election, be and is hereby re-elected as a director of the company."

Explanation: To re-elect Messrs MJ Prinsloo and W Tshuma, who are recommended by the board and whose appointment automatically terminates on the day of the annual general meeting in terms of article 31 of the Memorandum of Incorporation of the company. A brief biography of these directors appears on page 3.

4. **Ordinary resolution number 4: re-appointment of independent auditor**
"Resolved that:
PKF (Jhb) Inc. be and is hereby re-appointed as independent auditor of the company from the conclusion of this annual general meeting until the conclusion of the next annual general meeting of the company."

Explanation: The reason for this ordinary resolution is that the company, being a listed public company, must appoint an independent auditor and have its annual financial statements audited.

5. **Ordinary resolution number 5: re-election of the audit and risk committee members and chairman**
"Resolved that:
5.1 Mr MJ Prinsloo be and is hereby re-elected as a member and chairman of the audit and risk committee until conclusion of the next annual general meeting.

5.2 Mr N Sooka be and is hereby re-elected as a member of the audit and risk committee until conclusion of the next annual general meeting.

5.3 Mr W Tshuma be and is hereby re-elected as a member of the audit and risk committee until conclusion of the next annual general meeting."

Explanation: To re-elect Messrs MJ Prinsloo, N Sooka and W Tshuma, who are recommended by the board and whose appointment automatically terminates on the day of the annual general meeting. The reason for this ordinary resolution is that at each annual general meeting, a public company must elect an audit and risk committee comprising at least three members.

Brief biographies of these directors appear on page 3.

The ordinary resolutions numbers 5.1, 5.2 and 5.3 will be considered separately.

6. **Ordinary resolution number 6: authority to sign documentation:**
"Resolved that:
any director of the company or the company secretary be and is herby authorised to take all actions necessary and sign all documentation required to give effect to the ordinary and special resolutions which have been passed at the annual general meeting."

Special resolutions

To consider and, if deemed fit, approve the following special resolutions with or without modification.

Voting requirements: In order to be adopted, all special resolutions require the support of 75% or more of the votes cast by shareholders present or represented by proxy at this meeting. The quorum for the meeting is 25% of the issued share capital of the company.

1. **Special resolution number 1: general authority for company and/or subsidiary to acquire the company's own shares**
"Resolved that:
the company and/or a subsidiary of the company be and is hereby authorised to repurchase or purchase, as the case may be, ordinary shares issued by the company on such terms and conditions and in such amounts as the directors of the company may decide, but subject always to the provisions of section 48 of the Act and the Listings Requirements of the JSE, which currently stipulate that:
   - the repurchase of securities being effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the company and the counterparty (reported trades are prohibited);
   - at any point in time the company may only appoint one agent to effect any repurchases on the company's behalf;
   - the company or any of its subsidiaries may not repurchase securities during a prohibited period as defined in the Listings Requirements of the JSE;
   - this general authority shall only be valid until the company's next annual general meeting, provided that it shall not extend beyond 15 (fifteen) months from the date of passing of this special resolution;

- a paid press announcement will be published as soon as the company has acquired ordinary shares constituting, on a cumulative basis, 3% (three percent) of the number of ordinary shares in issue, at the time of passing of this special resolution, and any 3% (three percent) increments thereafter which announcements shall contain full details of such acquisitions;
- acquisitions of ordinary shares by the company in terms of this general authority in the aggregate in any one financial year may not exceed 20% (twenty percent) of the company's issued ordinary share capital nor may any subsidiary hold more than 10% (ten percent) of the company's issued shared capital at any one time;
- in determining the price at which ordinary shares issued by the company are acquired in terms of this general authority, the maximum price at which such ordinary shares may be acquired may not be greater than 10% (ten percent) above the weighted average of the market price at which such ordinary shares traded on the JSE over the 5 (five) business days immediately preceding the date on which the transaction is effected.

The general authority to repurchase the company's shares will be acted upon within the parameters laid down by the JSE, as and when the directors deem it to be appropriate. After considering the effect of a general repurchase within these parameters, the directors are of the view that, for a period of at least 12 (twelve) months after the date of this notice of meeting:

- AME and the group will be able in the ordinary course of business to pay its debts;
- the assets of AME and the group, fairly valued in accordance with accounting policies used in the latest audited report, will be in excess of the liabilities of the company and the group;
- the ordinary capital and reserves of AME and the group will be adequate for the purposes of the company's and the group's businesses, respectively; and
- the working capital of AME and the group will be adequate for their requirements."

The company will provide the sponsor and the JSE with all documentation as required in Schedule 25 of the Listings Requirements of the JSE and will not recommence any repurchase programme until the sponsor has signed off on the adequacy of its working capital, advised the JSE accordingly and the JSE has approved this documentation.

The reason for this special resolution is to grant a general approval in terms of the Act and the Listings Requirements of the JSE for the acquisition by the company or its subsidiaries of shares issued by the company, subject to statutory and regulatory limitations and controls.

The effect of this special resolution is to enable the company and/or a subsidiary, by way of a general approval, to repurchase up to a maximum of 20% of its share capital in any one financial year.

Additional disclosure requirements in terms of the Listings Requirements of the JSE

As per Section 11.26(b) of the Listings Requirements of the JSE, shareholders are referred to the following sections in the annual report to which this notice of annual general meeting is attached:

- Details of directors on page 3;
- Directors' interests in securities on page 12 (which beneficial interests have not changed since 31 March 2013. There are no non-beneficial interests);
- Major shareholders on page 51;
- Material changes in the nature of the company's trading or financial position post-31 March 2013 on page 12; and
- Share capital note 10 on page 36.

Explanation

The reason for and effect of special resolution number 1 is to give a mandate to the directors to repurchase or purchase ordinary shares issued by the company.

2. **Special resolution number 2: approval of non-executive directors' fees**

"Resolved that:
the remuneration of the non-executive directors be and is hereby increased with effect from 1 April 2013 as set out below.

Directors' fees are payable per meeting attended:

Board	
Chairman	R17 000
Other	R11 900
Audit and risk committee	
Chairman	R11 350
Other	R7 950
Remuneration, human resources and transformation committee	
Chairman	R11 350
Other	R7 950
Social and ethics committee	
Chairman	R11 350

Explanation: The reason for and effect of special resolution number 2 is to grant the company the authority to pay fees to non-executive directors for their services as directors.

Litigation statement

The directors are not aware of any legal or arbitration proceedings active, pending or threatened against or being brought by the company, which may have a material effect on the group's financial position or which have had a material effect during the 12 months preceding the date of this notice of annual general meeting.

Directors' responsibility statement

The directors, whose names have been given on page 3 of this annual report, collectively and individually, accept full responsibility for the accuracy of the information pertaining to special resolutions numbers 1 and 2 and certify that, to the best of their knowledge and belief, there are no facts which have been omitted, which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that such resolutions contain all information relevant to special resolutions numbers 1 and 2.

Material changes

Other than the facts and developments reported in the annual financial statements, there have been no material changes in the affairs of financial position of the company and its subsidiaries since the date of signature of the audit report and up to the date of this notice.

Voting and proxies

Each shareholder who, being a natural person, is present in person, by proxy or agent, or, being a company, is represented by representative proxy or agent at the general meeting, is entitled to one vote on a show of hands. On a poll, each shareholder, whether present in person or by proxy or by representation, is entitled to one vote for each share held.

A form of proxy is attached for use by certificated or own name shareholders who are unable to attend the general meeting but wish to be represented thereat. They are required to complete and return the form of proxy so as to be received by the transfer secretaries of the company, Computershare Investor Services Proprietary Limited (Ground Floor, 70 Marshall Street, Johannesburg, 2001 or PO Box 61051, Marshalltown, 2107) not later than 10:00 on Wednesday, 28 August 2013.

Shareholders who have dematerialised their shares through a Central Securities Depository Participant ("CSDP") or broker, other than by own name registration and who wish to attend the annual general meeting, must instruct their CSDP or broker to issue them with the necessary letter of representation to attend the meeting, in terms of the custody agreement entered into between such shareholders and their CSDP or broker.

Shareholders who have dematerialised their shares through a CSDP or broker, other than by own name registration, who wish to vote by way of proxy should provide their CSDP or broker with their voting instructions by the cut-off time or date advised by their CSDP or broker for transactions of this nature.

Each certificated or own name dematerialised shareholder entitled to attend and vote at the annual general meeting may appoint one or more proxies (none of whom need be an AME shareholder) to attend, speak and vote in his or her stead. The completion and lodging of a form of proxy will not preclude a shareholder from attending the meeting and speaking and voting thereat to the exclusion of the proxy so appointed.

By order of the board

V Slabbert
Company secretary

28 June 2013

SUMMARY OF RIGHTS ESTABLISHED BY SECTION 58 OF THE COMPANIES ACT, AS REQUIRED IN TERMS OF SUB-SECTION 58(8)(B)(I)

1. A shareholder may at any time appoint any individual, including a non-shareholder of the Company, as a proxy to participate in, speak and vote at a shareholders' meeting on his or her behalf (section 58(1)(a)), or to give or withhold consent on behalf of the shareholder to a decision in terms of section 60 (shareholders acting other than at a meeting) (section 58(1)(b)).

2. A proxy appointment must be in writing, dated and signed by the shareholder, and remains valid for one year after the date on which it was signed or any longer or shorter period expressly set out in the appointment, unless it is revoked in terms of paragraph 6.3 or expires earlier in terms of paragraph 10.4 below (section 58(2)).

3. A shareholder may appoint two or more persons concurrently as proxies and may appoint more than one proxy to exercise voting rights attached to different securities held by the shareholder (section 58(3)(a)).

4. A proxy may delegate his or her authority to act on behalf of the shareholder to another person, subject to any restriction set out in the instrument appointing the proxy ("proxy instrument") (section 58(3)(b)).

5. A copy of the proxy instrument must be delivered to the Company, or to any other person acting on behalf of the Company, before the proxy exercises any rights of the shareholder at a shareholders' meeting (section 58(3)(c)) and in terms of the Memorandum of Incorporation ("MOI") of the Company at least 48 hours before the meeting commences.

6. Irrespective of the form of instrument used to appoint a proxy:
   - 6.1 the appointment is suspended at any time and to the extent that the shareholder chooses to act directly and in person in the exercise of any rights as a shareholder (section 58(4)(a));
   - 6.2 the appointment is revocable unless the proxy appointment states otherwise (section 58(4)(b)); and
   - 6.3 if the appointment is revocable, a shareholder may revoke the proxy appointment by cancelling it in writing or by making a later, inconsistent appointment of a proxy, and delivering a copy of the revocation instrument to the proxy and to the Company (section 58(4)(c)).

7. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholder as of the later of the date stated in the revocation instrument, if any, or the date on which the revocation instrument was delivered as contemplated in paragraph 6.3 above (section 58(5)).

8. If the proxy instrument has been delivered to the Company, as long as that appointment remains in effect, any notice required by the Companies Act or the Company's MOI to be delivered by the Company to the shareholders must be delivered by the Company to the shareholders (section 58(6)(a)), or the proxy or proxies, if the shareholder has directed the Company to do so in writing and paid any reasonable fee charged by the Company for doing so (section 58(6)(b)).

9. A proxy is entitled to exercise, or abstain from exercising, any voting right of the shareholder without direction, except to the extent that the MOI or proxy instrument provides otherwise (section 58(7)).

10. If the Company issues an invitation to shareholders to appoint one or more persons named by the Company as a proxy, or supplies a form of proxy instrument:
    - 10.1 the invitation must be sent to every shareholder entitled to notice of the meeting at which the proxy is intended to be exercised (section 58(8(a));
    - 10.2 the invitation or form of proxy instrument supplied by the Company must:
      - 10.2.1 bear a reasonably prominent summary of the rights established in section 58 of the Companies Act (section 58(8)(b)(i));
      - 10.2.2 contain adequate blank space, immediately preceding the name(s) of any person(s) named in it, to enable a shareholder to write the name, and if desired, an alternative name of a proxy chosen by the shareholder (section 58(8)(b)(ii)); and
      - 10.2.3 provide adequate space for the shareholder to indicate whether the appointed proxy is to vote in favour of or against any resolution(s), to be put at the meeting, or is to abstain from voting (section 58(8)(b)(iii));
    - 10.3 the Company must not require that the proxy appointment be made irrevocable (section 58(8)(c)); and
    - 10.4 the proxy appointment remains valid only until the end of the meeting at which it was intended to be used, subject to paragraph 7 above (section 58(8)(d)).

FORM OF PROXY

AFRICAN MEDIA ENTERTAINMENT

(Incorporated in the Republic of South Africa)
(Registration number 1926/008797/06)
(Share code: AME)
(ISIN: ZAE 000055802)
("AME" or "the company")

For use by certificated shareholders and dematerialised shareholders with own name registration at the fifteenth annual general meeting of the holders of ordinary shares in the company ("AME shareholders") to be held in the boardroom, Block B, Oxford Office Park, No. 5, 8th Street, Houghton Estate, Johannesburg, at 10:00 on Friday, 30 August 2013 ("the annual general meeting").

I/We

being the registered holder/s of ______ ordinary shares in the capital of the company, of (address):

hereby appoint (see note 1):

1. or failing him/her,

2. or failing him/her,

3. the chairman of the annual general meeting,

as my/our proxy to act for me/us at the annual general meeting for the purposes of considering and, if deemed fit, passing, with or without modification, the ordinary and special resolutions to be proposed thereat, and at each adjournment thereof, and to vote for or against such resolutions or abstain from voting in respect of the ordinary shares registered in my/our name/s in accordance with the following instructions (see note 2):

Resolution number	For	Against	Abstain
Ordinary resolutions			
1 To adopt the annual financial statements of the company and group for the year ended 31 March 2013			
2 To place the unissued ordinary shares of the company under the control of the directors			
3.1 To re-elect Mr MJ Prinsloo as a director of the company			
3.2 To re-elect Mr W Tshuma as a director of the company			
4 To re-appoint PKF (Jhb) Inc. as the independent auditors of the company			
5.1 To re-elect Mr MJ Prinsloo as member and chairman of the audit and risk committee			
5.2 To re-elect Mr N Sooka as member of the audit and risk committee			
5.3 To re-elect Mr W Tshuma as member of the audit and risk committee			
6 To authorise a director or company secretary to take action or sign documentation to give effect to resolutions passed			
Special resolutions			
1 To approve the general authority for the company and/or a subsidiary to acquire the company's own shares			
2 To approve the remuneration of the non-executive directors			

Signed at on 2013

Signature

Assisted by (where applicable state capacity and full name)

Each AME shareholder is entitled to appoint one or more proxy/ies (who need not be a shareholder/s of the company) to attend, speak and vote in his or her stead at the annual general meeting.

Please read the notes on the reverse side hereof.

NOTES

1. An AME shareholder may insert the name of a proxy or the names of two alternative proxies of his or her choice in the space/s provided, with or without deleting "the chairman of the annual general meeting", but any such deletion must be initialled by the AME shareholder concerned. The person whose name appears first on this form of proxy and who is present at the annual general meeting, will be entitled to act as proxy to the exclusion of those persons whose names follow.

2. An AME shareholder's instruction to the proxy must be shown by indicating in the appropriate box provided the manner in which that AME shareholder wishes to vote by inserting an "X" in the relevant box unless a shareholder wishes to split his or her votes. In this case the relevant number of shares to be so voted must be indicated in the relevant box. Failure to comply with the above will be deemed to authorise the proxy to vote, or abstain from voting, at the annual general meeting as he or she deems fit in respect of all the AME shareholder's votes exercisable thereat.

3. An AME shareholder or his or her proxy is not obliged to use all the votes exercisable by the member or to cast all these votes exercised in the same way, but the total of the votes cast, and in respect whereof abstention is recorded, may not exceed the total of the votes exercisable by the member. Failure to comply with the above will be deemed to be authority to the chairman of the annual general meeting, if the chairman is the authorised proxy, to vote in favour of the ordinary and/or special resolutions proposed at the annual general meeting or any other proxy to vote or abstain from voting, at the annual general meeting as he or she deems fit, in respect of the shares concerned.

4. Forms of proxy and any power of attorney by virtue of which such proxy is signed (or a notarially certified copy of such power of attorney) must be lodged at or posted to the transfer secretaries of the company, Computershare Investor Services Proprietary Limited (Ground Floor, 70 Marshall Street, Johannesburg, 2001 or PO Box 61051, Marshalltown, 2107), to be received by not later than 10:00 on Wednesday, 28 August 2013.

5. Any alteration or correction made to this form of proxy must be initialled by the signatory/ies.

6. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the Company secretary or waived by the chairman of the annual general meeting.

7. If you are a dematerialised shareholder, other than by own name registration, you must inform your appointed Central Securities Depository Participant ("CSDP") or broker of the manner in which you wish to vote in order for them to notify the company secretary by not later than 10:00 on Wednesday, 28 August 2013. Only registered certificated shareholders recorded in the main register of members of the company or under own names in the dematerialised register, may complete a form of proxy or alternatively attend the annual general meeting. Those dematerialised shareholders who are not registered under their own names who wish to attend the annual general meeting or vote by proxy must contact their CSDP or broker who will provide them with the necessary authority to do so, or carry out their instructions.

8. This must be done in terms of the agreement between the shareholder and his or her CSDP, as applicable.

9. The chairman of the annual general meeting may reject or accept any form of proxy which is completed and/or received, other than in compliance with the Memorandum of Incorporation of the company or these notes.

AFRICAN MEDIA ENTERTAINMENT

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